Weekend FT

Inside Section II
20 pages

Gadaffi and the Chicago drug gang
The El Rukns began as playground extortionists and progressed to drugs, murder and terrorism. *page I*

Private words
Paul Driver reviews a collection of Benjamin Britten's letters and diaries *page XVI*

Sweetest vintage
Jancis Robinson asks if this year's Sauterne is the best yet *page VII*

Chinese moon dance
Where cultures collide on the edge of the tundra *page XIV*

Start them young
One third birthday present for your children should be a first payment towards school fees *page III*

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Weekend June 15/June 16 1991

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WORLD NEWS

Four life peers in birthday honours list

Four life peerages are announced today in a Queen's birthday honours list that includes industrialists and a wider range of politicians than usual.

One of the new life peers is Sir Norman Macfarlane, a former Guinness chairman and head of the Macfarlane Group. Professor Roland Smith, best known as chairman of British Aerospace, receives a knighthood. Page 24; Honours details, Page 6

Volcano still seething
Mount Pinatubo in the Philippines erupted five times, blasting out out ash and molten rock. An approaching typhoon threatened camps housing refugees who fled the volcano.

Walesa's warning
Polish president Lech Walesa threatened to dissolve parliament unless it followed his wishes over election proposals. Page 24; New Polish investment law, Page 2

Indian army called in
India is sending the army to police polling in Punjab, where Sikh separatists are trying to disrupt next week's elections.

$23m cocaine haul
Three people were arrested in connection with Sweden's biggest cocaine haul. Over £14m-worth of the drug was found on a ship at Gothenburg.

Kenya lifts ban
Kenya agreed to lift its food export ban to help relief efforts for millions of people starving in the Horn of Africa.

BT chief's donation
British Telecom chairman Ian Vallance is to give £150,000, part of his controversial 43 per cent pay rise, to charity. He said he had decided to give away his bonus before his pay increase sparked criticism.

Threat to race reform
Eugene Terreblanche, leader of a South African neo-Nazi group, said supporters would sack "millions" of black workers unless the government halted its race reforms.

BR fined over crash
British Rail was fined £250,000 after admitting failures in safety measures at the time of the 1988 Clapham rail disaster in which 35 people died. Page 6; Picture, Page 24

Safe landing
US space shuttle Columbia landed safely in California carrying seven astronauts, 2,478 jellyfish and 29 rats.

World erosion
About a quarter of the world's farmland has been damaged by erosion, salination and chemical contamination, say Dutch scientists who have compiled a map for the UN environment programme.

Italy to deport Albanians
Italy is to repatriate 680 Albanian refugees held on ships near Adriatic ports. Page 2

Crisp compromise
The threat to one of Britain's favourite snacks has been lifted. Brussels food safety officials are to change rules that would have outlawed artificially-flavoured crisps.

Theatre stars die
Stage actress Dame Peggy Ashcroft died in hospital aged 83. Lord Bernard Miles, 83, founder of London's Mermaid Theatre, died in North Yorkshire. Weekend FT Page XVII

BUSINESS SUMMARY

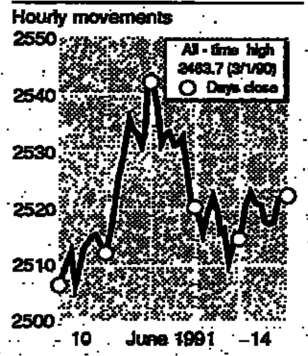
UK inflation below 6% for first time in three years

Britain's annual inflation rate fell to 5.8 per cent last month – the first time it has been below 6 per cent in nearly three years – prompting chancellor Norman Lamont to predict economic recovery.

Underlying inflation, which the government now measures in terms of the retail prices index minus mortgage interest payments, proved more stubborn, falling to an annual 6.6 per cent last month from 6.8 per cent in April. Page 24; Details, Page 4; Lamont sticks to cautious line, Page 9; Currencies, Page 13

LONDON STOCKS: A firm close to the equity trading account partly reflected a strong opening on Wall Street. Optimism over the fall in the UK's annualised inflation rate was restrained partly by weakness in sterling. The FT-SE

FT–SE 100 Index



index edged ahead by more than nine points in early trading but the gain was largely eroded as London waited for Wall Street to open. The index finished 7.7 points higher at 2,522.3. Page 15; London markets, Weekend Page II

SWEDEN will apply to join the EC on July 1, the start of a process which premier Ingvar Carlsson hopes will end with full membership by 1995. Page 24

AXA-MIDI Assurances, France's largest private insurance group, said it had agreed in principle to take a large minority stake of around $1bn (£613m) in Equitable Life Assurance Society, the third largest US insurer. Page 12; Lex, Page 24

MAJESTIC FILMS, British film distribution company, has set up an international distribution venture involving some of Japan's largest financial institutions committing at least £30.6m over the next two years to buy the international rights to films. Page 4

SKETCHLEY, UK dry cleaning and textile services group, announced losses for the year to March 29 rising from £2.01m to £5.26m. Page 10

STATOIL, the Norwegian state oil company, has paid NKr1.4bn (£124.5m) to acquire 12.5 per cent of the voting shares in Saga Petroleum, Norway's biggest privately-owned oil company, from Volvo Norge, a subsidiary of the Swedish carmaker. Page 12

CAMBRIDGE Electronic, UK electronic engineering company, has emerged as a bidder for Tace, the UK environmental control equipment group where institutions led by the Norwich Union insurance group are trying to remove the board. Page 10

JOHN LAING, UK construction company, confirmed it was in discussion with the Malaysian government to build a defence complex at Mersing. Page 3

Hanson advisers question guaranteed redundancy payments for all UK workers

ICI tries to rally employees

By John Gapper and Roland Rudd

IMPERIAL Chemical Industries yesterday responded to the threat of a takeover bid by Hanson, the industrial conglomerate, by giving its 50,000 British employees the legal right to redundancy payments of up to £20,000 each.

The company acted amid growing concern among its employees about the possibility of Hanson taking over ICI and cutting the workforce as part of a restructuring. It said it was trying to give its workers "clarity and reassurance".

The company denied that the move was part of a "poison pill" defence against Hanson. However, union leaders expect further moves by the company to protect its £5.9bn pension fund from being raided following a hostile takeover.

ICI wrote to its employees to amend their contracts of employment so they will be legally entitled to redundancy in line with a discretionary scheme which has operated for 20 years. The move was welcomed by ICI trade unions.

However, Hanson's advisers argued that ICI had showed it was more interested in fighting "a mythical bid" than in improving shareholders' value. They said ICI had tried to secure workers' employment irrespective of their contribution.

Hanson's advisers believe the contracts may not be legally watertight. They cited the recent legal challenge by unions to the attempt by Rolls Royce, the aero engine maker, to alter employment contracts in order to freeze pay.

British workers will be entitled to payments of up to three times the size guaranteed in employment protection law. The company said it was considering extending legal redundancy entitlement to its 80,000 employees working abroad.

The discretionary scheme gives payments of up to 1.75 times annual salary for workers aged over 50 who have worked for ICI for more than 10 years. Those aged over 40 with long service are entitled to just under a year's salary.

The company has announced 5,000 job losses in the past year, and is working on a restructuring which could lead to further plant closures and divestments. Hanson's purchase of a 2.8 per cent stake could accelerate this process.

The move was announced at a conference of 400 ICI shop stewards in Harrogate yesterday. Mr Fred Higgs, chairman of ICI unions, said they had protested about the vulnerability of redundancy payments and welcomed ICI's response.

Hanson said it had no comment to make on the ICI move, and it retained its stake "for investment purposes".

Union leaders believe ICI may disclose plans next week to protect its pension fund, which may have a surplus of up to £500m. The company is meeting worker representatives on its pensions advisory committee on Thursday and Friday.

There has been controversy over Hanson's handling of pension funds in its companies. The High Court blocked its attempt to retain the bulk of the surplus in the Imperial Group fund despite selling Courage breweries in 1986.

Unions want ICI to change the terms of the pension fund so trustees must be elected by the company and its workforce rather than being appointed by the management. They also want the fund to be frozen if there is a hostile takeover.

BTR appoints 34-year-old woman as finance director

By David Owen

THE TOP rank of British industry, overwhelmingly dominated by middle-aged men, made room for a younger face yesterday with the appointment of Ms Kathleen O'Donovan as finance director of BTR, the UK-based industrial conglomerate.

Ms O'Donovan, a 34-year-old partner with the accountancy firm Ernst & Young, is one of the few women to reach such a high boardroom position in a large British company.

She is also one of the youngest executive directors of either sex.

Until now, most women who have attained executive director status within British companies have been entrepreneurs at the helm of the businesses they founded.

Announcing the appointment yesterday, Mr Alan Jackson, BTR chief executive, described his new colleague as "the most outstanding applicant for the job we could have been associated with".

"Anybody good makes their way early," he said, rejecting suggestions that Ms O'Donovan – who began her career in 1978 with the then Ernst & Whinney, BTR's long-time auditor – might lack the experience for her new task. "At 34, I was managing director of a public company," he said.

BTR shares nevertheless ended the day 6p lower at 395p. The City has been waiting with growing impatience for the group to resume the takeover trail since it unveiled an 8.6 per cent decline to £966m in annual pre-tax profits in March.

Ms O'Donovan succeeds Mr Christopher Bull, finance director since 1988, who takes up a similar position at RTZ Corporation, the world's largest mining company.

Mr Bull, previously with British Telecom and BICC, said he was head-hunted for the RTZ postition at the

Continued on Page 24

Lex, Page 24

Ashley Ashwood

Top rank: Kathleen O'Donovan is a partner in accountancy firm Ernst & Young

Major rules out election this year

By Philip Stephens,
Political Editor

MR JOHN MAJOR yesterday effectively ruled out a general election this year as he sought to quell recent infighting in the Conservative party by reasserting his commitment to keep Britain at the centre of the European Community.

In a speech to the Welsh Conservative Conference in Swansea, the prime minister signalled his willingness to agree later this year to treaty changes which could lead to sterling's eventual absorption into a single European currency. But his carefully crafted statement, designed to unite the Tory party and isolate his anti-federalist critics, insisted that Britain would demand clear safeguards before signing up to European economic and monetary union.

The statement came amid widespread nervousness among ministers that Mrs Margaret Thatcher might seek to reopen the split within Tory ranks by backing opponents of further integration in a speech in the US on Monday.

Mr Major gave an upbeat assessment of the party's prospects over the next year, characterising news yesterday of a further fall in inflation as a "turning point" in Britain's economic fortunes. He predicted an imminent economic recovery and that inflation would fall to below 4 per cent next year.

The acknowledgement that he will be forced by the economic recession to delay the election until 1992, however, came in a pledge to lead Britain to the conclusion of the present negotiations on European integration at the end of this year.

Close aides said this was a deliberate attempt to cool speculation that the Conservatives are still planning to fight an autumn election.

Mr Major shares the views of cabinet colleagues that the expected economic upturn will

Continued on Page 24

Emu conditions, Page 4
Cautious line, Page 9

Allied tensions rise over withdrawal from Iraq

By Edward Mortimer in London and **Lionel Barber** in Washington

TENSIONS are growing between the US and its European allies over the timetable for withdrawal of western forces from northern Iraq.

The UK government wants guarantees on security for the Kurds amid signs that the US military is keen to move its 12,000 or so troops out of Iraq as early as the end of the month. The Bush administration has yet to give its full approval for such a tight timetable, although troops are already being withdrawn.

British officials have expressed unease and frustration at the apparent lack of co-ordination between the US political authorities and the military on the ground.

An official in London said June 27 was the US military's target date for completing the withdrawal but he said the British government expected President George Bush to postpone the deadline, which neither Britain nor France has accepted.

Theoretically it would be possible for the European contingents to stay on after the Americans, who make up the bulk of the international force. But "it would be logistically difficult, and probably politically unwise", the official said.

Mr Douglas Hurd, UK foreign minister, is expected to seek clarification on the timetable when he meets Mr James Baker, US secretary of state, at next week's Berlin meeting of the Conference on Security and Co-operation in Europe.

Dilemmas of US Middle East policy..........Page 9

British officials said they were optimistic that an understanding could emerge under which the US would withdraw the bulk of its forces responsible for humanitarian relief, on condition that satisfactory arrangements were in place for United Nations and other relief workers to help the Kurds.

Some US troops would remain in the safe havens in northern Iraq which were set up after Iraqi forces crushed the Kurdish rebellion in the aftermath of the Gulf war. At the same time, the US and its allies would issue a stiff warning to Iraq about any reprisals against Kurdish refugees.

A senior US official expressed optimism that Iraq would comply, noting that Washington and Baghdad shared the same interest in securing a speedy withdrawal of US occupying forces from Iraq.

Much depends on talks between Kurdish political leaders and the Baghdad government, which seem to be back on track.

Western governments are unwilling to say publicly that their troops will stay in Iraq until agreement is reached, since that would enable the Kurds to prolong the occupation. But privately officials admit that an agreement would make withdrawal much easier.

MARKETS

STERLING
New York lunchtime:
$1.637
London:
$1.64 (1.636)
DM2.935 (2.945)
FFr9.9875 (9.9875)
SFr2.5125 (2.5175)
Y230.5 (231.5)
£ index 89.8 (90.1)

GOLD
New York: Comex Aug
$369.8 (373.0)
London:
$368.95 (369.35)

N SEA OIL (Argus)
Brent Aug
$18.175 (−0.2)

Chief price changes yesterday: Page 24

DOLLAR
New York lunchtime:
DM1.7908
FFr6.062
SFr1.53435
Y140.55
London:
DM1.789 (1.798)
FFr6.0775 (6.0975)
SFr1.5325 (1.5375)
Y140.5 (141.35)
$ index 67.9 (68.2)
Tokyo close: Y141.07

US LUNCHTIME RATES
Fed Funds $5\frac{7}{8}$%
3-mo Treasury Bills:
yield: 5.74%
Long Bond:
$98\frac{7}{8}$
yield: 8.47%

STOCK INDICES
FT-SE 100:
2,522.3 (+7.7)
FT Ordinary:
1,978.3 (+5.5)
FT-A All-Share:
1,211.83 (+0.38%)
FT-A World index:
(140.1
New York lunchtime:
DJ Ind. Av.
2,987.25 (+22.13)
S&P Comp
380.34 (+2.71)
Tokyo: Nikkei
25,098.89 (+285.72)

LONDON MONEY
3-month Interbank:
$11\frac{1}{16}$% ($11\frac{1}{8}$)
Liffe long gilt future:
Sep $89\frac{31}{32}$ ($90\frac{1}{32}$)

CONTENTS

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Communists play down victory in first direct elections to Russian presidency

Party affects indifference to Yeltsin

By John Lloyd in Moscow

MR Boris Yeltsin's victory at the polls as the first president of Russia was confirmed yesterday, as the Central Electoral Commission disclosed that he had won a majority in the 40 electoral districts of Russia so far reporting.

It was greeted by a mixture of affected indifference and *bile* by the ruling – and badly beaten – Communist party, correct but not effusive expressions of congratulations from foreign leaders and restraint from the Yeltsin camp.

Mr Vasily Kazakov, the electoral commission's chairman, said yesterday that Mr Yeltsin was scoring around 60 per cent of the estimated 75 per cent of the eligible voters who went to the polls. Support for Mr Nikolai Ryzhkov, the former prime minister who had the strongest Communist backing, was running at about 16 per cent. Third place went to Mr Vladimir Zhirinovsky, the head of the Liberal Democratic Party, whose eccentric populism won him over 7 per cent of the vote.

Pravda, the main Communist party daily paper, delivered itself of a commentary by Mr Victor Khatuntsev of startling sourness under the headline "They've voted: now what?", calculating that a mere 40m of a population of nearly 150m had voted for Mr Yeltsin, complaining that 10,000 sailors in foreign ports had been disenfranchised and that Russia had not really been prepared for democracy.

The even harder-line Sovetskaya Rossiya cited numerous election irregularities – though the Electoral Commission later told Reuters no serious flaws had been reported, except that some newspapers had not observed the ban on electoral propaganda for 24 hours before the vote.

Mr Anatoly Lukyanov, chairman of the Supreme Soviet, speaking in the Soviet embassy during a visit to Britain, shrugged off the result by saying it had been "nothing unexpected" – though he warned his Communist party that it had better continue with internal democratisation if it "wanted to stay afloat".

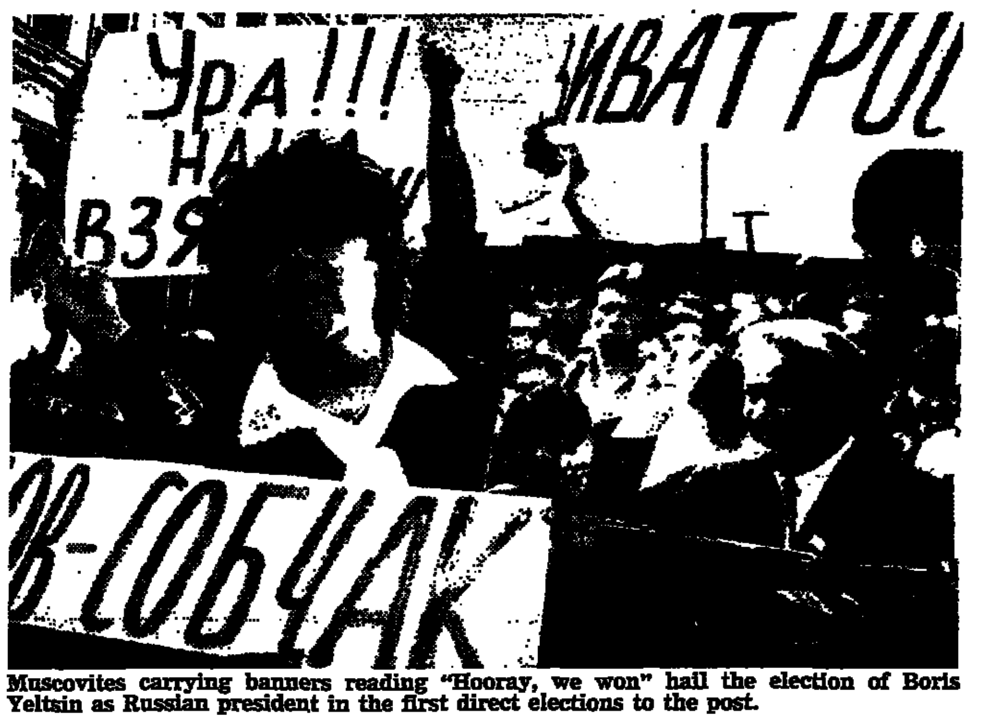
Mr Lukyanov also appeared to cast doubt on the effectiveness of the 55 per cent vote by the citizens of Leningrad to change their name to St Petersburg, saying: "It is a decision for the whole population of the Soviet Union."

He further added to indications that Mr Mikhail Gorbachev's post as Soviet president may soon be open to elections, by preparations were under way to make it elective under a new constitution.

Mr George Bush, the US president, told reporters the result was a sign of the advancing democratic process in the USSR – though he was careful to add that this was under the leadership of Mr Gorbachev. Mr John Major, the British prime minister, sent a telegram of congratulations to Mr Yeltsin, while the Japanese Foreign Office said: "We hope co-operative relations between the Russian Republic and the Soviet government would be further promoted in constructive reform."

Mr Andrei Kozirev, the Russian foreign minister, said yesterday that Mr Yeltsin's visit to the US next week, where he will meet President Bush and congressional leaders, would be an occasion for promoting the ideas of radical political and economic change for Russia and for the union.

He said the Russian president-elect would not attempt to "compete" with Mr Gorbachev in the international arena.



Muscovites carrying banners reading "Hooray, we won" hail the election of Boris Yeltsin as Russian president in the first direct elections to the post.

Italy to repatriate latest Albanian 'boat people'

By Haig Simonian in Milan

THE Italian government yesterday decided to repatriate all 680 Albanian refugees being held on board a number of vessels outside five Adriatic ports.

The repatriation of the Albanians rescued at sea earlier this week is expected to start shortly.

The move represents a substantial hardening of Italy's position towards the refugees, dubbed "boat people" by the Italian media. It reflects growing domestic tensions, which will be aired at a meeting between prime minister Mr Giulio Andreotti and the heads of Italy's 20 regions in Rome next week.

Southern Italy, where over 20,000 Albanians are being housed, has been particularly tense. Violence broke out at one camp near Bari last week after demonstrations against overcrowding, poor conditions and the risk of repatriation.

As conditions in the camps have deteriorated and the number of new arrivals increased, some regional governments in northern and central Italy have become increasingly averse to receiving more refugees.

Local councillors say racial tensions between residents and existing, predominantly north African, immigrants are already on the boil, making a fresh influx of Albanians potentially explosive. The authorities base their reluctance to accept new arrivals, irrespective of origin, on inadequate housing and poor employment prospects.

Italy's growing immigration problem has also triggered new political and geographic splits between the regions.

The latest wave of arrivals means parts of the Mezzogiorno, where most of the refugees are located, and some port cities in northern Italy are calling for greater burden-sharing.

Mr Adriano Biasutti, chairman of the committee linking Italy's regions, yesterday called on the government "to put into immediate effect the redistribution plan for refugees which has already been agreed".

Mr Biasutti, who heads the north-eastern region of Friuli Venezia Giulia, which includes the port of Trieste where about 100 Albanians are being refused permission to land, also indicated underlying regional conflicts. With the tourist season approaching, removing the embarrassing Albanian presence is particularly important for coastal regions such as Friuli Venezia Giulia.

On Thursday, Mr Gianni De Michelis, the foreign minister, flew to Tirana for talks with the new Albanian government.

Like their Communist predecessors, Albania's leaders see a direct relationship between the refugee problem and the country's economic plight, worsened by a crippling general strike.

Mr De Michelis' promise of L60bn (£27.4m) in additional aid has won a commitment from the new Tirana government to accept the return of the latest refugees and try to prevent a further exodus.

However without a big improvement in Albania's economic prospects, it is hard to see how this this can be achieved.

EC close to agreement on external borders

By David Gardner in Luxembourg

THE European Community is poised to agree common rules to strengthen its external frontiers, so that non-EC nationals will be subject to the same checks on entering the Community from 1993 .

Such an agreement, which the Luxembourg presidency of the EC expects to be reached this month, is the precondition for the real prize sought by most EC member states – the scrapping of internal borders after 1992.

But because the two objectives are intertwined, the UK is seeking to define its agreement to the external frontiers convention in a way which protects it from later being bounced into relaxing its internal controls.

"A broad measure of agreement" on the external front was reached by EC interior ministers here yesterday, according to Mr Marc Fishbach, Luxembourg justice minister, who chaired the meeting.

Britain's partners appeared willing to accept certain exemptions for the UK, to take account of what one British official called its "island-state requirements". But British officials were unable to identify where, precisely, they see the issues of external convention and internal borders meeting.

But Mr Fishbach agreed that the two EC border plans were so linked that the German delegation had at first insisted on agreeing a common interpretation of Article 8A of the Single European Act – providing for the free movement of people within the EC after 1992 – before it would agree on the external convention.

But the British delegation, led by Mr Kenneth Baker, the home secretary, reasserted the UK's fundamental objection to allowing non-EC nationals into the country after they have been checked into the Community by other member states.

The convention will cover all EC external frontiers – land borders, airports and ports – and harmonise visa policies.

The UK believes that, even with reinforced external frontiers, an eventual removal of internal border controls would debilitate efforts to control terrorism, drugs trafficking and illegal immigration.

New Polish investment law backed

By Christopher Bobinski in Warsaw

THE Sejm, the Polish parliament's lower chamber, yesterday approved a draft foreign investment law which would remove limits on transfers of profits and restrict the sectors where licences are needed before foreigners can invest.

The draft law, yet to go through the Senate or obtain presidential approval, also would remove the present 10 per cent ceiling on purchases of shares in privatisation issues. Foreign investors wanting to buy more than 10 per cent now require a licence from the Foreign Investment Agency (FIA).

The FIA is to be superseded by an investment promotion agency. Licences, where required, will be issued by the Privatisation Ministry.

The draft law still would require foreign investors to obtain permits to manage ports or airports, produce arms, deal in real estate, conduct wholesale trade in imported consumer goods or provide legal services.

There would be no limits on the transfer of profits and tax relief for those investing more than the equivalent of Ecu2m (£1.4m). Tax relief on profits would not exceed the capital invested in the joint venture.

Until now, there have been severe limits on transfers of profit, but each new venture has enjoyed a three-year tax holiday. This provision is now to be removed.

So far, Poland has issued nearly 4,000 foreign investment licences, mostly for small business.

The Central Statistical Office says $198m had been invested by foreigners in Poland by the end of 1990 under previous laws.

● Parliament was also due yesterday to approve a law to open the way to the sale of 49 per cent of the shares in Lot, the Polish state airline.

EC deal on cutting nitrates in water

By David Gardner in Luxembourg

AFTER 2½ years of debate, EC environment ministers agreed last night on measures to reduce water pollution by nitrates from natural and chemical fertiliser.

The directive, adopted unanimously yesterday, aims to bring down the maximum permitted level of nitrates in drinking water to 50mg per litre. This extends an existing directive on water to agricultural practice.

"For the first time we have got a real instrument which will influence the environmental behaviour of agriculture," said Mr Carlo Ripa di Meana, EC environment commissioner.

At the centre of the directive is an agricultural code of good conduct, which prescribes a limit of 170kg per hectare per year in the amount of manure farmers can use. This limit would be obligatory within "vulnerable areas" to be designated by each member state over the next two years, and voluntary outside these areas. The measures are to be phased in between now and 1999.

In the UK, 2m hectares – nearly a quarter of agricultural land in England and Wales – is likely to be designated as nitrate vulnerable, said Mr David Trippier, junior environment minister. The National Farmers Union believes 3m hectares will be affected.

Brussels will be able to grant permission to exceed limits in particular areas, on the basis of "objective criteria" which suggest that use of larger amounts is safe.

Earlier yesterday, ministers' efforts to agree on a separate directive setting up an EC network of protected wildlife habitats ran into a money obstacle. .The southern countries said they should be entitled to Community funds to implement a common policy which affects them disproportionately.

Arms compromise clears path towards CFE treaty

By David White, Defence Correspondent

THE WAY towards ratification of the 22-nation Conventional Armed Forces in Europe (CFE) treaty was cleared yesterday when delegates at the Vienna negotiations approved a US-Soviet compromise over disputed equipment.

The deal, which the US agreed with the Soviet Union at the beginning of the month but which still required endorsement by the rest of Nato and Moscow's former Warsaw Pact allies, ends seven months of wrangling about the interpretation of the treaty.

The treaty, signed last November, sets reduced levels for heavy army weapons, helicopters and aircraft, with the Soviet Union bearing the biggest cuts.

The dispute centred on Moscow's efforts to exclude land weapons assigned to coastal defence divisions and naval infantry units and on western complaints about thousands of weapons that had been moved out of the European zone covered by the treaty.

Negotiators described the compromise as enabling the Soviets to stay within the ceilings set by the treaty "in a roundabout way". Naval forces' weapons remain outside the treaty's scope, but the Soviets will instead remove more weapons from other units in Europe.

Moscow has also made an undertaking to destroy about a quarter of the 57,000 pieces of equipment which it transferred to the east of the Ural mountains before the treaty was signed.

NEWS IN BRIEF

Madagascar call for greater democracy

President Didier Ratsiraka of Madagascar flew home from France yesterday to mass demonstrations for a new government and greater democracy, Reuter reports from Antananarivo. It was the biggest challenge yet to his 16-year rule over the poverty-stricken Indian Ocean island of 11m people. Diplomats said his political future could be at stake.

Every day this week, thousands of young people have marched through the capital and other towns to back opposition demands for a new constitution guaranteeing full multi-party democracy and a transitional government to oversee its introduction.

Pollution task force for Arctic

Eight nations yesterday adopted a strategy to protect the Arctic's fragile environment and said they would consider tougher pollution controls, Reuter reports from Helsinki.

At the end of a two-day conference in the northern Finnish city of Rovaniemi, ministers and officials signed a declaration promising to co-operate on research, conserve Arctic wildlife, and combat pollution caused by accidents.

The US, the Soviet Union, Canada, Finland, Sweden, Norway, Denmark and Iceland decided to set up an Arctic task force to assess the effects of pollution.

Franco-German inflation gap

The gap between inflation in France and Germany narrowed to its smallest since 1973 last month when French consumer prices rose by 0.3 per cent, writes William Dawkins in Paris.

The French price rise, the same as in the previous month, leaves the annualised inflation rate unchanged at 3.2 per cent. This takes the French rate to 0.2 percentage points above German inflation, which rose from an annualised 2.8 per cent in April to 3 per cent last month.

Sharp devaluation for Mongolia

Mongolia has announced a sharp devaluation of its national currency, from seven tugriks to the US dollar to 40 tugriks to the dollar, official media reported yesterday. AP-DJ reports from Beijing.

In a report from the capital of Ulan Bator, the official Chinese Xinhua News Agency said it was the largest devaluation of the tugrik since it was issued as the national currency in 1924. The devaluation is a step toward making the tugrik internationally convertible.

Moscow seeks oil refineries aid

Several Japanese trading houses have received requests from the Soviet Union to modernise about 20 Soviet oil refineries, trading house officials said, Reuter reports from Tokyo.

Most local trading houses were interested in having a consortium with western countries for such projects, but had not made any decision yet, they said.

Venezuelan military chief sacked

The head of Venezuela's military intelligence service, General Herminio Fuenmayor, has been sacked after he publicly denounced an alleged media campaign aimed at discrediting him and other government officials, Joe Mann writes from Caracas.

President Carlos Andrés Pérez said he had ordered "early retirement" for the army officer because he made statements in public on political issues. In Venezuela, the military are banned from any type of political activity until they retire.

Mexico cracks down on port

Federal authorities have seized control of Veracruz, Mexico's busiest port, and cracked down on the union that controlled it, scoring a victory in President Carlos Salinas de Gortari's war on corruption, AP reports from Veracruz, Mexico.

Most of the 700 union members did not work on the docks and paid minimal wages to workers who took their places. The Mexican Maritime Federation called it "an island of corruption".

Professor Jeffrey Sachs

In response to an article in the Financial Times on June 13 the Polish government's press office issued the following statement: "Professor Jeffrey Sachs of Harvard is not an economic adviser to the Polish Government. Professor Sachs visits Poland often and his visits are welcome but he has no official role with the government."

Berlin's mayor accuses Bonn

By Leslie Colitt in Berlin

MR Eberhard Diepgen, Berlin's mayor, yesterday accused Bonn and the state of North Rhine-Westphalia of "torpedoing" attempts to find a compromise before a crucial parliamentary vote next week on whether the German government will remain in Bonn or move to Berlin.

He warned that "the lines have hardened" in the divisive debate, increasing the likelihood of an "all or nothing" ballot next Thursday. He felt that a vote against Berlin would have a negative economic and political impact on all of east Germany, but held out a slim possibility that a compromise could be found in the few days that remained.

An alternative proposal by Mr Heiner Geissler, deputy leader of the Christian Democratic party (CDU), was "not far off" from his own plan presented to the Berlin legislature this week. Mr Geissler wanted the Bundestag (parliament) to be located in Berlin, leaving the government in Bonn.

Mr Diepgen said that in addition to the Bundestag, the "nucleus" of the executive branch should also move to Berlin. Bonn, however, could retain the "overwhelming majority" of its federal officials, who have vigorously opposed moving to Berlin.

Diepgen: lines 'hardened'

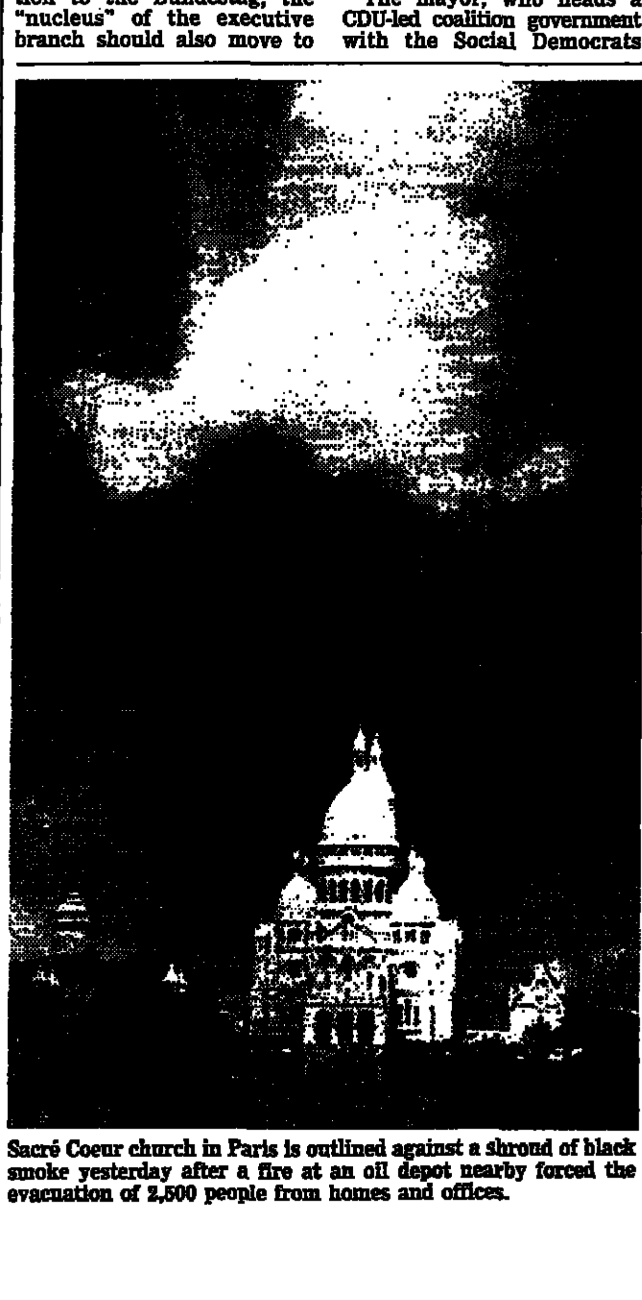
The mayor of Bonn was placing the jobs of 20,000 federal officials at risk by refusing to accept his compromise offer.

The mayor, who heads a CDU-led coalition government with the Social Democrats (SPD), also implicitly criticised Mr Helmut Kohl, the CDU chancellor, for remaining on the sidelines.

Mr Diepgen charged that those who opposed Berlin as the seat of government were showing "disdain" for the past role of the western allies in Berlin. The four-power status of the city from 1945 until German unification last year was based on the wish of the victor powers to maintain a presence in the German capital. By defending the freedom of Berliners and risking a conflict with the Soviet Union, the allies had upheld Berlin's claim to be the capital after unification.

He bemoaned the unwillingness of the opponents of Berlin to accept the changes in Europe since 1989. At a time when central and eastern Europe were opening to the west, the backers of Bonn wanted the pivot point of German politics to be moved from the centre of Europe to the west.

The normally unflappable Mr Diepgen has been overheard more than once recently railing against "small-minded Rhenish bureaucrats".



Sacré Coeur church in Paris is outlined against a shroud of black smoke yesterday after a fire at an oil depot nearby forced the evacuation of 2,500 people from homes and offices.

Cresson loosens grip on state sector

By William Dawkins in Paris

THE challenges facing France's struggling electronics industry have forced Mrs Edith Cresson, the new prime minister, to admit that it is better to dine with the devil than starve.

That was the moral behind her decision on Wednesday to allow Groupe Bull to relaunch talks with NEC for the Japanese electronics giant to take a stake in the the loss-making French state-owned computer maker.

The talks were frozen when Mrs Cresson called a government inquiry into the deal immediately after taking office last month, motivated by her deep suspicion of the idea of a Japanese company getting its hands on the France's top computer maker.

This comes at a time when other leaders in France's electronics industry are rushing in all directions to find foreign partners, none of which are exactly tripping over themselves to respond.

Mr Alain Gomez, chairman of Thomson, the state-owned consumer and defence electronics group, disclosed at the start of the week that he wanted to merge his semiconductor division, SGS-Thomson, with the microchip arms of Philips of the Netherlands and Siemens of Germany.

Both prospective partners gave a distinctly cool response, sceptical about whether such a merger would really produce the critical size they all agree is needed to compete against the leading Japanese and US semiconductor makers.

At the same time, the Paris government is courting Olivetti, the Italian computer group, to help save SMT-Goupil, France's last independent producer of microcomputers, pushed to the brink of collapse by mounting losses and debts. A cautious Olivetti is awaiting the results of a financial rescue package being cobbled together with SMT-Goupil's French banks before deciding whether and in what form it will step in.

The common strand behind all this is the companies' realisation that the French government can no longer afford to bail out today's recession-hit electronics industry as it did for the steel and car industries in the last recession.

In the past three years, French taxpayers have had to pump nearly FFr25bn (£2.5bn) into state industry, including the FFr6bn package announced for Thomson and Bull alone in April. The recession is eating away at the state's tax revenues just as the electronics industry's needs are growing.

Even if Mr Gomez got his way with Siemens and Philips, the cost of carrying out the merger and restructuring the trio would be about $10bn over 10 years, estimates Mr Robert Heikes, joint head of ES2, the European custom chip maker.

Mrs Cresson's attempt to hold up the Bull-NEC deal was unsurprising, given her repeated criticism of the liberal policies of Mr Roger Fauroux, the former industry minister, who was happy to let Bull and NEC get together.

But neither was anybody surprised when, faced with the reality of Bull's problems, Mrs Cresson concluded that there was no alternative and ended up following the same line as the industry minister she fired. The compromise that made this possible was a promise from Bull that it would not let NEC gradually gain control.

Technically, it was an unnecessary pledge, given that current French regulations only allow private companies to take minority stakes in state-owned ones on condition, among other requirements, that the government keeps full control.

Bull has strong reasons for needing NEC to exchange the 15 per cent stake it holds in the group's Bull HN subsidiary – grouping most of its overseas operations – for a less than 5 per cent stake in the group.

This is the keystone of Bull's strategy for replacing its inefficient and sprawling structure with a single global company. It needs to bolster its already strong relations with NEC at a time when the world computer industry is in turmoil, as it moves away from proprietary products towards internationally standard systems.

The government's dignified climb-down might reflect the tenacity of Bull's chairman, Mr Francis Lorentz – who was born in Alsace, famed for producing hard-headed characters.

But more important, it is the clearest sign yet that the French government is set to continue its gradual withdrawal from interference in the state sector, despite the early signs that the new prime minister's instinct was to place a stronger guiding hand on the industrial controls.

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Minister urges Japan to give UK defence deals

By Stefan Wagstyl in Tokyo

MR TOM KING, UK Defence Secretary, has intervened in a long campaign to persuade Japan to resist US pressure and choose British suppliers for two large military equipment contracts.

He has written to the Japanese Defence Agency urging officials to decide on technical and commercial grounds – in effect, appealing to them not to yield to US political pressure.

The first of the two contracts is for 27 search-and-rescue aircraft worth about £240m, for which British Aerospace is a contender. If it wins, this would be the first large military import order placed by Japan with a non-US company. The second, smaller contract is for gas-turbine engines for eight destroyers, and Rolls-Royce is a bidder.

The defence agency is to announce a decision in the next few weeks.

Japan buys the great bulk of its imported military equipment from the US, partly on operational, technical and commercial grounds, partly to soothe US critics of Japan's bilateral trade surplus.

Regarding the search aircraft and the marine engines, British companies feel they have particularly strong technical and commercial advantages over US rivals. However, they fear Washington is putting great pressure on Tokyo to buy American.

The US, meanwhile, is seeking Japanese orders for much larger contracts, including the supply of at least four Awacs early-warning aircraft. According to executives involved with the negotiations, Mr Dick Cheney, US Defence Secretary, raised the search-and-rescue contract with Japanese officials during a meeting in Washington in April on US-Japan military relations.

BAe has reason to feel particularly aggrieved because it was on the verge of winning the Japanese Defence Agency contract last year with its 125-800 jet. The agency judged the BAe aeroplane met its specifications better than rivals – the Dassault-Breuget Falcon 50 from France, and the Cessna Citation V and the Gates Learjet 55C, both from the US.

However, officials postponed a decision at the last minute following a letter from Mrs Elizabeth Dole, then US Labour Secretary, in support of Cessna. Mrs Dole's husband, Senator Robert Dole, represents Kansas, where Cessnas are made.

This time, BAe is thought to be in the lead once more on technical and commercial grounds. The Defence Agency said this week: "It is a strong contender." Officials at the British embassy in Tokyo, however, are concerned about political influence from Washington. "We are watching the situation carefully," said one.

Rolls-Royce is bidding to supply gas-turbine components for engines which will be built by Kawasaki Heavy Industries of Japan. The UK company has supplied engines for about 30 Japanese military vessels. This time, it has competition from General Electric of the US, in partnership with Ishikawajima Harima Heavy Industries.

European companies often complain about discrimination in favour of US groups in the awarding of Japanese defence contracts. They fear that the current decline in defence spending growth in the US will make American companies even tougher in their pursuit of Japanese orders.

One sign of this is the current discussion between Japan and the US over Awacs aircraft. Japan is considering buying four but, according to industry executives, Boeing, the manufacturer, needs to have orders for 14 to be able to produce them profitably. So it is scouring the globe for customers. In the meantime, there are suggestions that the US may ask Japan to pay more for its Awacs machines to help Boeing.

Tokyo wary of Yavlinsky aid plan for Soviets

By Stefan Wagstyl

JAPAN has reacted very cautiously to the Yavlinsky Plan, the scheme announced this week for leading industrialised countries to supply massive economic aid for reconstruction of the Soviet Union.

Officials at the Japanese foreign ministry said yesterday that they had yet to receive details of the plan put forward by Mr Grigory Yavlinsky, Soviet economist, with US professors at Harvard University.

Japanese officials said that Tokyo's policy to the Soviet Union remained unchanged – large-scale economic aid would not be considered until Moscow had accepted Japan's claim to sovereignty over four islands off Japan seized by Soviet troops in 1945.

Moreover, Japanese officials are deeply sceptical about the Soviet Union's commitment to free market reforms, as envisaged by the plan. An official said yesterday that there were important discrepancies between Mr Yavlinsky's plan and other reform proposals from Moscow.

Also, it was not clear that the Soviet leader could carry out such a reform in the face of likely opposition from, among others, "the military, industrialists and people who saw their living standards falling."

IS IT IN HIS QUIFF?: A magazine which dared to suggest Japan's bachelor crown prince might find a bride if he changed his hairstyle has incurred the wrath of the Imperial Court. The Imperial Household Agency said yesterday it had warned the *editors of the weekly magazine Bunshun not to offend* again. The latest issue carries 10 pictures of Crown Prince Naruhito, 31, each touched up to show him with a different hairstyle (see above). The magazine said it had polled 100 young women in a Tokyo street – only five approved of the prince's current longish, straight, un-oiled hair.

John Laing in Malaysian security order talks

By Jimmy Burns and Richard Donkin

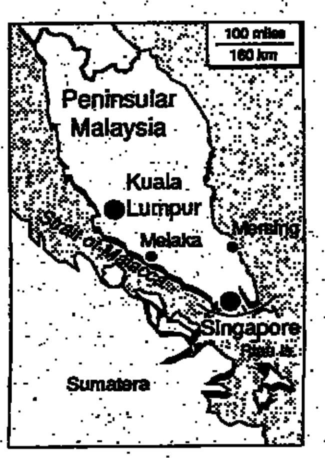
THE British company John Laing yesterday confirmed that it was in discussion with the Malaysian government for the construction of a high-security special forces complex at Mersing, near the east coast of the Malayan peninsula.

According to senior Malaysian defence officials, agreement is close on this and two other projects which form part of a £1bn defence package agreed with the UK in 1988.

The two other projects involve the purchase by Malaysia of two missile-carrying corvette ships and the construction of a second base at Gamas, east of Melaka, to be an armoured training camp.

Mr Najib Razak, Malaysian defence minister, indicated in an interview in London this week he saw the package with the UK as a key element in his country's regional security.

Although Mersing is inland, the contract for the base is expected to extend to providing access by river to the sea, so as to permit the stationing and resupply of naval vessels.



For their part, British defence officials are understood to view the new Malaysian bases as of potential use for British operations, after Hong Kong has been handed back to the Chinese in 1997. As well as building the base at Mersing, the UK is believed to have undertaken to train and equip Malaysian special forces, using units of Britain's Special Air Services.

John Laing is among several big UK construction companies that have been bidding for large Malaysian contracts since the end of Kuala Lumpur's "Buy British Last" policy. The policy followed a public row over the levying of charges on Malaysian students at British universities.

Following the signature by Mrs Margaret Thatcher, then UK prime minister, of a memorandum of understanding with Malaysia in 1988, John Laing won a £116m contract for the construction of eight hospitals. Last year, the company was awarded a separate £25m contract, in partnership with a local construction company, to build a civilian airport at Sibu, Sarawak.

The £1bn defence package, when first announced, created controversy but the UK Government denied reports suggesting that defence contracts were being tied to a civil aid package. Such a link would have been in contravention of Britain's 1966 Overseas Aid Act, which forbids the use of aid to secure defence contracts.

Mr Razak said this week that the defence package "could have a particular spill-over into other sectors of bilateral relations."

Beijing pressed on arms sales

By Yvonne Preston in Beijing

THE US has sent Mr Richard Bartholomew, Under-secretary of State, to Beijing for talks on weapons proliferation, amid growing concern in the west that China's arms sales may lead to a destabilising weapons race in Asia.

China is widely seen to be taking advantage of the decline in Soviet and eastern European arms exports so as to earn much-needed foreign currency by selling missiles to Pakistan and Syria, and exporting nuclear technology to Algeria.

China not having signed the Nuclear Non-Proliferation Treaty, it has been accused of secretly building a heavy-water reactor for Algeria which, experts say, could only be used for nuclear weapons development. China strongly denies this.

US intelligence officials say sales of two new kinds of missiles, said to be more accurate than the Soviet-designed Scud, to Pakistan and Syria are imminent.

With the debate about the renewal of China's most-favoured nation status with the US still heated in Washington, China's perceived arms sales drive is adding to the friction between the US and China, which repudiates all charges levelled against it.

In an apparent attempt to defuse an explosive situation, China has agreed to take part in July in a conference of big powers to discuss limiting arms sales to the Middle East.

Mr Bartholomew is expected to press China to adhere to the Missile Technology Control Regime, signed by most western arms-selling countries. China argues that it sells far fewer than the US or the Soviet Union and that, in the past decade, it had drawn little criticism on this score until international sympathy for China faded in 1989 with the violent suppression of the Tiananmen democracy movement.

US administration officials believe the Chinese M-9 and M-11 missiles have been built specifically for export, with financial assistance from the two main customers, Syria and Pakistan.

This is despite a pledge to Mr Brent Scowcroft, US national security adviser, in December 1989, that China would not supply medium-range missiles to the Middle East.

The Foreign Ministry here stonewalls at questions about China's missile sales. It may well prefer to see sales curtailed, in the interests of China's international image, but the sales are under the control of the army, which wants money to modernise its own weaponry.

Modest US price rise welcomed

By Lionel Barber

US CONSUMER prices rose a modest 0.3 per cent last month, calming fears of inflation as the US economy emerges from recession.

After subtracting volatile food and energy prices, the core rate of inflation rose only 0.2 per cent. This matched the modest April advance, the Labour Department said.

The moderate pace of retail inflation in May was a relief to financial markets, unsettled by the Department's report this week of an unexpectedly sharp 0.6 per cent rise in wholesale inflation for last month.

There was further encouragement yesterday when the Federal Reserve reported industrial production rose by 0.5 per cent in May – the strongest gain in 11 months.

India faces new curbs on aid from Washington

By Anne Dias in Washington and K K Sharma in New Delhi

INDIA faces new conditions on US aid, following a vote in the House of Representatives which ties financial help to a halt in New Delhi's nuclear arms programme.

The vote seeks to place India, which has nuclear capability, in the same category as Pakistan, whose efforts to build a nuclear bomb led last year to US aid being cut off.

India yesterday expressed disappointment over the Congressional move, clearly hoping that this, the Largomarsino amendment to the US foreign aid bill this year, will be blocked in the US Senate or vetoed by President George Bush.

An Indian government spokesman said India had "a consistent policy of not acquiring nuclear weapons", while Pakistan had "single-mindedly pursued a clandestine nuclear weapons programme."

US aid to India amounted to $115m last year – far less than the aid offered to Pakistan which, during the 1980s, was a vital US conduit for military aid to the Afghan rebels. This week, the House defeated moves to weaken restrictions on aid to Pakistan which require the US president to certify annually that it does not have a nuclear device.

India has refused to sign the Nuclear Non-Proliferation Treaty on the grounds that it discriminates in favour of the nuclear powers. New Delhi has frequently disavowed its intention to acquire nuclear weapons, though it has nuclear capability, having exploded a device in the Rajasthan desert in 1974.

The House vote to approve the Largomarsino amendment to the foreign aid bill reflects not only increasing concern in Congress about nuclear proliferation, but also a more critical attitude to foreign assistance.

Leadership contested in Turkey

By John Murray Brown in Ankara

TURKEY'S Motherland party (Anap) has another chance this weekend to salvage its tarnished reputation as the natural party of government when delegates gather in Ankara to choose a new leader.

The national convention will pit Mr Yildirim Akbulut, the prime minister, against Mr Mesut Yilmaz, former foreign minister, in competition to lead the party into the next general election, to be held by autumn next year.

Anap enjoys a parliamentary majority but its public *standing has never been lower.*

The economy is in disarray, with ministers and bureaucrats increasingly at odds over public spending. The leaders like to portray themselves as modernist and pro-European but party support more often derives from rural areas where conservative values prevail.

The battle to lead the party will provide a snapshot of these contradictions, with the liberal Mr Yilmaz against the prime minister, a traditional politician of patronage.

Whoever wins, and so becomes prime minister, is expected to make big changes in the cabinet, as the first step to revive Anap.

The uninspiring Mr Akbulut, like many Anap politicians, owes much to the patronage of President Turgut Ozal.

Mr Yilmaz, a clever if rather humourless technocrat, has steered a more independent line, having resigned from the Foreign Ministry early last year, a move which has given momentum to his claim to be leader.

New debt chief named by Brazil

By Victoria Griffith in São Paulo

BRAZIL has signalled a softer stance towards foreign commercial creditors, with the appointment yesterday of Mr Pedro Malan as the new foreign debt ambassador.

Mr Malan, now Brazil's representative at the Inter-American Development Bank, will assume his new post on Monday to coincide with President Fernando Collor's arrival in the US on a four-day official visit. He succeeds Mr Jorio Dauster, who had worked closely with Ms Zélia Cardoso de Mello, economics minister until early this month.

"During the first stage of the Collor [anti-inflation] Plan, it was impossible to take a soft stance abroad while we were taking a hard stance domestically," Mr Marcílio Marques Moreira, the new economics minister, was quoted by a ministry spokesman as saying, "but we are now moving into a softer stage on both fronts."

Mr Malan, a US-educated economist and a friend of the minister, is widely respected in Washington.

The economics ministry said Brazil will be pushing to conclude a debt deal by the end of this year. The spokesman added that Mr Moreira will be looking for a three-year grace period on payments of principal so as to get Brazil's economic house in order.

The first step in the debt negotiations will be approval by the Brazilian Senate, expected next week, for payment of arrears of interest on Brazilian debt. After that, Brazil would be likely to push for simultaneous negotiations with foreign banks and the IMF.

Majestic wins Japanese backing in film venture

By Raymond Snoddy

MAJESTIC FILMS, the British film distribution company, yesterday finalised an international distribution venture backed by some of Japan's largest financial institutions.

Majestic put up $9m (£5.5m) to fund half of Dances with Wolves, the Academy Award-winning film that has so far grossed more than $380m.

The new venture, NewComm, involves three Japanese companies in committing at least $50m over the next two years to buy the international rights to films. That will probably involve financial involvement in six to eight films.

The Japanese companies include Mico, the Media International Corporation, which is funded by 47 leading banks and commercial companies led by Dai-Ichi Kangyo Bank, Sumitomo Bank, C. Itoh and The Seiyu, the supermarket group. Companies such as Matsushita, NEC and Sony are also involved.

It is believed to be the first time leading Japanese corporations have become involved in

Guy East: co-founder

independent international film distribution.

The other shareholders in the venture are the commercial arm of NHK, the Japanese public broadcaster, and KSS, a Japanese film, television and video production company.

Mr Takeo Yoshiki, president of Mico, said yesterday: "If everything goes well in the next two years we may double or treble the money involved but everything depends on high quality. We would like to increase the size of the business step by step."

Majestic will manage the new London-based company in return for a share of profits.

Mr Guy East, former head of sales at Goldcrest, set up Majestic with Mr Richard King in 1988 and there is a financial involvement with 20 films at the moment. Apart from Dances with Wolves the company has handled the international distribution for films such as Driving Miss Daisy and Henry V.

"We have already been working together so we decided to set up this new venture," Mr East said. He explained that risk would be reduced by providing lines of credit to film makers rather than taking direct stakes.

Mr East said that the first decisions on films to support could be taken within the next few weeks and that some of them might be British films.

The new venture will concentrate on "high-quality films" costing less than $25m.

Court of Appeal upholds Ronson £5m fine

By Raymond Hughes, Law Courts Correspondent

MR GERALD RONSON, chairman of the Heron group, has failed to win a reduction in the record £5m fine imposed on him last year in the Guinness trial.

However, the Court of Appeal yesterday gave him another 12 months in which to pay the fine, described by his counsel as "a millstone round the neck of this very good man".

The court also reduced from £440,000 to £330,000 the contribution Mr Ronson and one of his co-accused, Mr Anthony Parnes, a City stockbroker, had each been ordered to pay towards the prosecution costs of the 6½-month trial.

The fine was in addition to a 12-month prison sentence Mr Ronson was given after being convicted of conspiracy, theft and false accounting. He was released from Ford open prison in February after serving just under half that term.

Mr Parnes, whose 30-month sentence had earlier been reduced on appeal to 21 months, is to be released from Ford on parole on July 28.

The two men, together with Mr Ernest Saunders, former Guinness chairman and chief executive, and Sir Jack Lyons, a millionaire financier, were convicted for their part in an illegal share support operation mounted by Guinness during its takeover battle for Distillers in 1986.

Mr Michael Sherrard, QC, for Mr Ronson, told the appeal judges that the jail sentence had been the main part of Mr Ronson's punishment. It had been a severe blot on his reputation and he had not had a good time in prison.

"Anybody who thinks a term in prison is not a deterrent has only to have an eyeball-to-eyeball conversation with Mr Ronson," he said.

The addition of a £5m fine had been excessively punitive, Mr Sherrard argued. The trial judge had wrongly thought Mr Ronson's 15 per cent shareholding of a company worth £640m meant he had ready resources of £90m and that £5m did not therefore represent a large part of his assets.

In fact he did not have access to anything like that sort of cash. The Inland Revenue had agreed that the value of his holding was no more than £10m, Mr Sherrard said.

Lord Justice Neill said the fine was not excessive. Mr Ronson was a man of considerable wealth. His pre-tax income in 1989-90 had been £4.9m and in the previous three years £1.2m, £1.5m and £1.6m.

New telex operator will undercut BT

A NEW challenger emerged yesterday to British Telecom and Mercury's international telex operations as BT announced it was lifting its international telex prices by 10 per cent, Hugo Dixon writes.

Comtext International, a UK-based telex operator, says businesses using its telex service would save about 30 per cent on charges, after the BT price rise announcement.

BT is also increasing its domestic telex charges by 28 per cent. It said these were the first price rises for five years.

Comtext said it had decided on its prices before learning of BT's increases. It had originally expected to undercut BT by about 20 per cent, but the price rise meant it would now be about 30 per cent below BT.

Mr Laurence Roberts, Comtext's sales and marketing director, said: "If BT wants to put their prices up, that's their business. All that will happen is that people like us will take market share from them even more quickly."

Comtext estimates that the UK's international telex business is worth between £110m and £120m a year. BT and Mercury each have about half the market with other operators holding an insignificant share.

Although the growing use of facsimile machines has put an end to the growth of the market, certain industries, such as banking and shipping, continue to use it heavily because instructions sent via telex are legally binding.

Comtext said it was able to undercut BT and Mercury by developing its own network of switches and leased lines which bypasses much of the international telex network.

The company is already a leading operator in the international telex refile business, which involves collecting telex traffic from expensive locations, such as continental Europe, and sending it via London to save money.

Comtext's lowest prices will apply to businesses spending more than £5,000 a month on international telex calls. However, businesses that spend more than £1,000 a month will still be able to make savings.

Lloyd's fraud inquiry dropped

THE Serious Fraud Office has dropped its investigation into the Lloyd's of London insurance market, it announced yesterday, David Waller writes.

The existence of the investigation was disclosed in late March when the Commons was told that the SFO was "examining a set of problems [at Lloyd's] to see whether there is a case that it should take on".

It was believed the SFO probe was linked to circumstances in which risks were placed with the Outhwaite syndicate, the members of which have lost more than £200m from asbestosis claims on business written in the early 1980s.

Scots power offer oversubscribed

THE PUBLIC offer for shares in the two Scottish electricity companies, which closed on Wednesday, was three times subscribed. The average application by 2m members of the public was for between 550 and 600 shares with a fully paid value of about £1,400, roughly equivalent to the entire £2.9bn value of the issue.

Sponsors of the offer were saying last night that they regarded the issue as having been "finely judged". But it is a lower level of subscription than the offer for the two generating companies, which was 5.4 per cent subscribed. Some 35.5 per cent of the Scottish offer was initially on sale to the public. With clawback from institutions, 58 per cent is being allocated to the public.

Thorn job cuts

THORN EMI is to shed 135 jobs at defence equipment sites at Hayes and Feltham in Middlesex over the next nine months.

Blue Arrow trial

The Blue Arrow trial heard no evidence yesterday. It will continue on Monday.

Investors' case

LEGAL argument continued yesterday in the High Court over whether those who lost money when investment firms collapsed can be compensated on investments made before the investors compensation scheme came into force in August 1988.

Counsel for the investors contended that they were entitled to compensation for all their losses, whenever sustained. The hearing will end on Monday.

Major spells out Emu conditions

By Philip Stephens, Political Editor

THE CONDITIONS for Britain's participation in European Economic and Monetary Union were spelt out yesterday by Mr John Major as he sought to unite the Tory party behind a positive but "tough" and pragmatic approach to Europe.

The prime minister's address to the Welsh Conservative conference in Swansea repeatedly emphasised his determination that Britain should not be "sidelined" within the European Community.

In a coded attack on Tory supporters of the anti-federalist Bruges group, he dismissed those who advocated "sulking on the fringe of talks about the destiny of Europe". He also reminded his audience that Mrs Margaret Thatcher had committed Britain to the goal of Emu when she signed the Single European Act in 1985.

Acceptance of that goal, however, did not mean that he would be prepared to accept changes to the Treaty of Rome that "put widely divergent economies into the straitjacket of a single currency".

Mr Major said the prerequisite of British participation was that any changes to the Treaty should contain the following clear provision: "The British government and the British parliament would only move to a single currency if they took a further, separate and explicit decision to do so; not just when to do so, but whether to do so at all."

He added that such a decision would not arise in the present parliament and might not arise in the next, but: "Parliament will not be committed in advance. In no circumstances will I agree to a treaty which does not contain that safeguard."

Such a clause, along the lines of one already suggested by Mr Jacques Delors, the European Commission president, would not itself be enough, however. In an effort to clarify the government's negotiating position, Mr Major set out three basic premises.

- "I will not agree to a treaty on economic and monetary union unless it is practicable and workable."
- "I will not put to the House of Commons a treaty unless I believe it conforms with our free-market principles and unless I believe that it is in the interests of Britain to sign."
- "I support the idea of a common currency, which all Europeans could use if they wish. But I am wholly opposed to the imposition of a single currency."

Britain would be prepared if necessary to veto changes to the Treaty of Rome, but Mr Major indicated that Britain's Community partners would probably go ahead regardless.

"If we cannot find common ground, we may have to say no," he said. "And if necessary we will. But no one should imagine that our European partners would simply abandon their ideas . . . or that we could insulate ourselves from the effect of what the rest of the Community decided to do.

He added: "I do not intend to let Britain be sidelined. The potential damage to our trade, to the City of London and to our future prospects would be immense. Moreover, the rest of Europe does not want to sideline us. We all want to find common ground."

Mr Major concluded with a clear signal that he would use the negotiations to justify postponing the general election until next year. "We intend to lead this country through to the conclusion of these talks later this year," he said.

A pointed appeal: John Major enlists the support of Welsh Tories in Swansea yesterday

ICL breaks new ground with PCs

INTERNATIONAL Computers (ICL), the UK-based information technology company that pioneered large computers in Europe, is now trying to make its mark in small ones, Alan Cane writes.

Yesterday the company, in which Fujitsu of Japan holds an 80 per cent stake, launched a range of 13 aggressively priced personal computers and announced its intention of becoming the leading supplier of high-performance workstations in Europe.

It faces stiff competition from International Business Machines, the world's largest personal computer supplier, as well as Compaq of the US and Olivetti of Italy.

ICL is ninth among European personal-computer suppliers, with sales of £250m last year.

Chairman agreed for Ulster talks

By Ralph Atkins

AGREEMENT between the British and Irish governments on an independent chairman last night appeared to have cleared the way for historic talks on Northern Ireland's political future to start on Monday – six weeks later than planned.

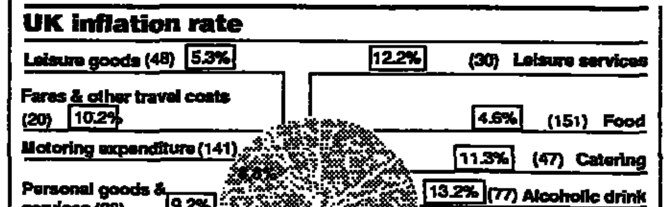
Mr Peter Brooke, Northern Ireland secretary, and Mr Gerry Collins, Irish foreign minister, selected a single candidate at a three-hour meeting in London. Neither government would disclose his name.

The two governments will still not know, however, whether they have successfully ended the wrangling over procedural arrangements for Mr Brooke's talks until the Unionist and Social Democratic and Labour parties have been consulted – probably on Monday.

The chosen candidate may yet not agree, but Mr Brooke said the two governments would not have asked "if we hadn't got the confidence that he would be likely to accept".

The governments have been disappointed once already, when Lord Carrington, former Tory foreign secretary, was rejected angrily by Unionists. "Round table" talks were supposed to start on May 7 but were delayed by negotiations over venues, standing orders, staffing arrangements and finally the chairman.

The independent chairman will oversee the second "strand" of the planned talks, at which the Irish government enters to discuss relations between north and south Ireland.



Mortgages push down rate of inflation

By Peter Norman, Economics Correspondent

FALLING mortgage interest rates and unusually cheap seasonal foods helped to push the annual rate of UK retail price inflation in May down to its lowest level since August 1988.

The recession also helped to limit the monthly rise in the index to 0.3 per cent and pushed the annual inflation rate down to 5.8 per cent, a drop from 6.4 per cent in April.

Although the Budget increase in value added tax to 17.5 per cent from 15 per cent contributed to higher prices for household goods, personal goods and leisure goods, other retailers continued to absorb the VAT increases on some of their lines in an attempt to stimulate demand.

That was especially common in the clothing and footwear sector, where yesterday's figures from the Central Statistical Office showed that prices rose by only 3.6 per cent compared with May last year.

The retail price inflation rate has now fallen for seven successive months in Britain and is likely to continue declining in the months ahead.

Although Britain may be on track to meet the government's Budget forecast of 4 per cent by the fourth quarter, Britain is still lagging behind its Continental competitors.

France has reported a year-on-year inflation rate of 3.2 per cent for May, while west German inflation last month was 3 per cent. According to the CSO, the average annual inflation rate in the European Community, excluding Britain, is 4.9 per cent.

Hattersley attacks Walton challenge

By Emma Tucker

LABOUR'S campaign to win the Walton by-election and quash the challenge from the unofficial Broad Left was launched in Liverpool yesterday by Mr Roy Hattersley, the shadow home secretary.

Mr Hattersley, supporting Labour's official candidate, Mr Peter Kilfoyle, said it was "inconceivable" that Broad Left rebels would win the seat. Mrs Lesley Mahmood, the Broad Left candidate, described herself as the "real Labour candidate", he said, but that was utterly false.

"Truth triumphs more often than some people think in politics and it will triumph on this occasion," Mr Hattersley said.

The Walton by-election, to be held on July 4, was caused by the death last month of Mr Eric Heffer, the veteran left-wing Labour MP.

Mr Hattersley described the Conservative government as immobilised by bitter division. Mr Heffer, he said, would have wanted the by-election to be "another landmark on the road to a sure and comprehensive Labour victory at the next general election".

The government's only ambition, Mr Hattersley said, was to survive.

Mr Kilfoyle said Labour supporters would not be confused. "The people of Walton are not fools. They will recognise exactly who the Labour party candidate is and what the Labour party stands for."

The Tory candidate is Mr Berkeley Greenwood, a 26-year-old political lobbyist. Mr Paul Clark is expected to stand for the Liberal Democrats.

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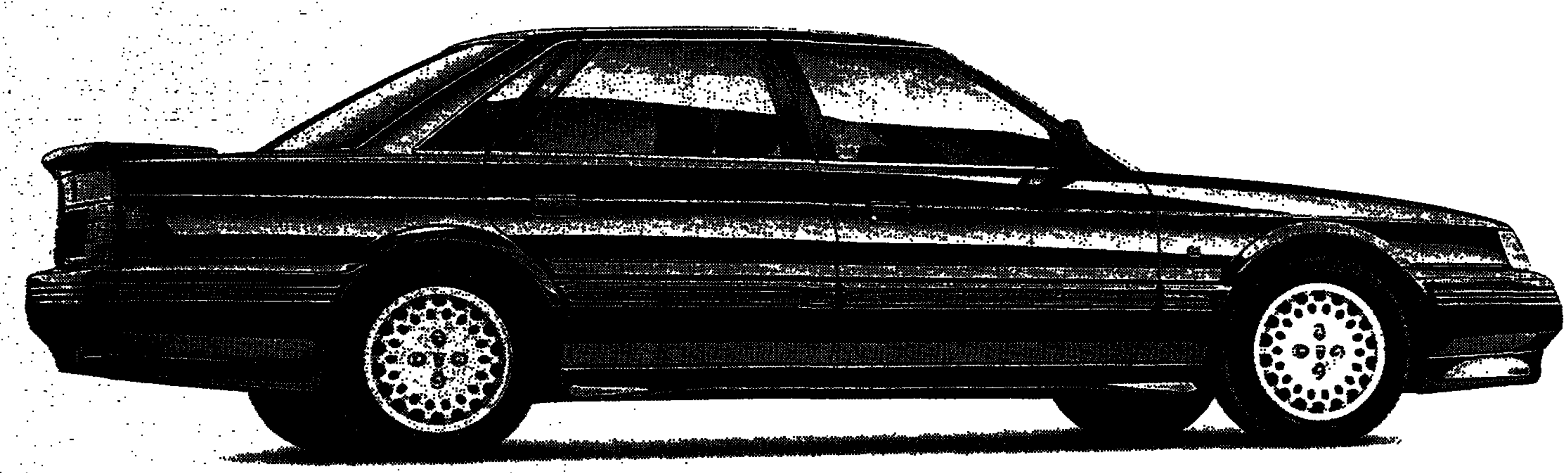

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Court fines BR £250,000 over Clapham crash

By Richard Tomkins, Transport Correspondent

BRITISH RAIL was fined £250,000 at the Old Bailey yesterday after admitting charges arising from the Clapham rail disaster in which a train driver and 34 passengers died.

The size of the fine – less than half the cost of a carriage for a modern electric train – provoked gasps in court from some who had expected a higher figure. Later Mr James Tye, director general of the British Safety Council, condemned it as "farcical".

The judge, Mr Justice Wright, told the court that to fine BR more would leave it with a choice between raising fares and reducing investment, either of which would rebound on passengers. "The real impact of the prosecution under the Health and Safety at Work Act, especially in the case of a major public undertaking, is the disgrace of being publicly condemned before a criminal court," he said.

The crash happened in December 1988 when a wire left loose by a BR signalling technician caused a malfunction between Earlsfield and Clapham Junction in south London. The 7.18am Basingstoke-Waterloo train stopped at a faulty signal and the 6.14am Poole-Waterloo train ran into it. An empty train then ploughed into the wreckage.

The Health and Safety Executive acted against BR after the Director of Public Prosecutions decided that there was insufficient evidence to bring charges for manslaughter against BR or individual employees. BR admitted failing to ensure the safety of its employees and failing to ensure that its passengers were not put at risk.

The judge said BR had allowed safety standards to fall, resulting in a situation of "quite horrifying danger".

However, he said the charges did not involve any allegation of recklessness, and BR's response to the disaster had been "entirely commendable".

After the hearing Sir Bob Reid, who took over as BR's chairman some time after the accident, said: "We have lived with the disgrace and now we have to show that this cannot happen in the future."

Mr Jimmy Knapp, general secretary of the RMT rail workers' union, called the fine totally inadequate. He said BR had acted honourably in pleading guilty, but that the law should be changed so that corporate manslaughter charges could be brought in such cases.

Taylor Woodrow chief adds to gloom in construction sector

By Clare Pearson

THE CHORUS of gloom in the construction sector grew louder yesterday as Mr Peter Drew, chairman of Taylor Woodrow, and Mr John Smith, chairman of the Building Employees Confederation, separately warned that they saw no end in sight for the industry's deep recession.

Speaking at the property and construction company's annual meeting, Mr Drew said the climate at present was "the worst for half a century".

Mr Smith, meanwhile, speaking at a BEC regional annual meeting, said: "I can see no corners, glimmers, lightening horizons or anything else that would give me early hope of an end to this recession."

Yesterday's comments follow a number of similar recent warnings from companies in the sector. They have served to expose the hollowness of a brief burst of optimism earlier in the spring occasioned by falls in UK interest rates and the hope of work after the end of the Gulf war.

Leading companies have in fact warned that they are experiencing a further deterioration since April. RMC last month said it saw no sign of a recovery in the UK in the second half. On Tuesday this week, Sir Eric Pountain, chairman of Tarmac, warned shareholders that the company would show a very severe profits shortfall in the first half of the current financial year.

Mr Drew too said yesterday that the company's difficulties would produce a lower mid-year profit than last time. "Events of the last six months dissuade me from venturing to make a forecast as to when we shall get out of the current situation," he said.

"Although the order book of our construction companies is less than I was able to report last year, that is mainly due to our large joint-venture civil engineering works, and I have to tell you that the order book is falling monthly. American clients are not paying as promptly as they were even six months ago." He added that he saw no signs of recovery in the UK housing market where there was still a "widespread lack of confidence".

Mr Drew, however, softened his warning by saying there was "hope" in the company's international operations and that Taylor Woodrow had secured work in Kuwait.

Taylor Woodrow, with other companies in the sector, launched a rights issue into a stock market buoyed by hopes of economic recovery earlier this year.

Its share price yesterday closed 4p down at 224p.

Bad news is good news for the Italian stallion

John Griffiths explains how the UK distributor of Ferrari sports cars has benefited from the recession

Colin Beere

Rare reaction: Maranello's managing director is "rather pleased" about the 10 per cent downturn in its order book

RECESSION has finally caught up with Ferrari in the UK, cutting the order book for the pedigree Italian sports cars by 10 per cent.

Yet, far from being dismayed by the downturn, Mr Roger Maingot, managing director of importer Maranello Concessionaires, says he is "rather pleased" about it.

A public display of breezy confidence is usual when the motor trade is faced with bleak developments, and the UK luxury and expensive sporting cars market is going through one of its bleakest periods for years.

Maranello, a wholly owned subsidiary of New Zealand entrepreneur Sir Ron Brierley's Tozer, Kemsley and Millbourn (Holdings) group, says it has not taken any new orders for Ferraris since the spring of 1989 – not because no one wants the 150mph-plus vehicles, but because of an orders embargo imposed by Maranello itself.

There is not much point, according to Mr Maingot, when one of the two main effects of recession has been simply to stop the current four-year wait for delivery growing any longer.

The other is the weeding-out of speculators, which Maranello says it wholly welcomes.

"We are glad about losing some orders because a lot of those people were only interested in the cars' appreciation," says Mr Maingot, who has run Maranello since 1988 when TKM bought the Egham, Surrey-based concessionaire for £15.6m from Col Ronnie Hoare, who first brought Ferraris to the UK in the 1950s.

Ferraris were the prime target of speculators in the classic-cars boom of the late 1980s, fetching premiums far in excess of Ferrari's own list prices. At present those range in the UK from around £67,000 for the cheapest Mondial t coupé, to £123,000 for the 180mph-plus Testarossa and a hefty £197,500 for the 201mph F40.

At the height of the boom even "ordinary" Ferraris changed hands at nearly double official prices. Even now Ferraris with a special history remain in the very serious money league. Miller's Price Guide to Collectors' Cars, compiled with auctions house ADT, suggests £700,000 as a realistic price for an ex-Nigel Mansell F40.

For "ordinary" models, however, "the premiums have completely gone", according to Mr Maingot.

Maranello expects to sell an unchanged 300 Ferraris in the UK this year, plus a further 50 in Australia and between 30 and 40 in Hong Kong and Singapore, markets for which it also holds the concession.

It says the UK market could absorb a lot more cars, but it will not because Ferrari has no intention of raising output beyond the 3,800-a-year level it has maintained since the mid 1980s. Fiat does not want its "flagship" company devalued through overproduction.

"It would have been so easy for Ferrari to succumb to temptation and double output," says Mr Maingot. "But here we are in the depths of recession with no stock."

He draws a faint parallel with another well known specialist car name, Malvern-based Morgan, which for decades has also resisted all blandishments to expand output of its 1930s-style cars beyond 10 or so a week.

Recession notwithstanding, Morgan has an order book stretching out for well over five years.

Maranello's financial performance is buried within TKM's group accounts, but the business is acknowledged to be consistently profitable – enough for Maranello to have invested £3m in a new import and technical centre and to have spent £¾ refurbishing its main showroom, a listed building that has become a famous landmark on Egham's bypass.

Profitability is being helped further as a result of Ferrari making Maranello responsible for the worldwide sales, provision and even some manufacturing of parts for all Ferraris over 15 years old.

The worry for Mr Maingot and his colleagues, and for TKM itself, is whether Maranello might be doing too well.

In 1979 TKM had to yield up to BMW the UK concession for the German cars, as it became apparent to BMW that the UK was potentially a very valuable market.

Can the same thing happen again with Ferrari?

Mr Maingot says he thinks it unlikely. It can be of little comfort, nevertheless, that Ferrari has recently assumed ownership and control of the distribution companies in both the US – its single largest market – and in Germany.

Property stagnation threatens clergy pay

By Vanessa Houlder, Property Correspondent

STAGNATION in the income growth provided by the Church Commissioners' £2.5bn investment portfolio will force Church of England clergy to rely on their parishioners for a pay increase.

The Church Commissioners, the Church of England's main financial arm, which published its 1990 annual report and accounts yesterday, said there would probably be a cut of £4m a year in stipends and allocations for housing outgoings from April next year.

Sir Douglas Lovelock, the first church estates commissioner, insisted that parishioners would make up the shortfall and that there was no risk of a pay cut, even after making allowances for inflation. He added that churchgoers had always responded to this kind of challenge in the past.

The portfolio's assets have declined from £3.08bn to £2.48bn over the year, mainly reflecting a 16 per cent fall in its £1.15bn commercial property portfolio and a sharp fall in its £778m equity portfolio.

THE QUEEN'S BIRTHDAY HONOURS LIST

Business and industry are featured in Birthday Honours List

Michael Bishop *Knight* — David Lees *Knight* — A K Gill *Knight* — Prof Roland Smith *Knight* — Teddy Taylor *Knight* — Richard Rogers *Knight* — Peter Leslie *Knight* — Sir Norman Macfarlane *Life Peer* — Malcolm Field *Knight* — Christopher Harding *Knight*

THE QUEEN'S Birthday Honours List is announced today. An edited version follows.

LIFE PEERS

Baroness

Mrs Pauline Perry, director, South Bank Polytechnic

Barons

Group Capt Geoffrey Leonard Cheshire, founder of Cheshire Foundation Homes
Sir Norman (Somerville) Macfarlane, chairman, Macfarlane Group
Professor Robert Jacob Alexander Skidelsky, professor of International Studies, Warwick University

PRIVY COUNSELLORS

Sir (Arthur) Paul Dean (MP, Woodspring), deputy chairman of House Ways and Means Committee
Mr Archibald Hamilton, minister of state for the armed forces, Ministry of Defence (MP, Epsom and Ewell)
Sir (Ieuan) Wyn (Pritchard) Roberts (MP, Conwy), minister of state, Welsh Office

KNIGHTS

Mr Michael David Bishop, chairman, British Midland Airways
Mr Robin Wilson Buchanan, chairman, Wessex RHA
Mr Robert Sidney Bunyard, Her Majesty's Inspector of Constabulary
Mr David Charles Calcutt, QC, for public service
Mr Philip David Carter, lately chairman, Merseyside Development Corporation
Mr Malcolm Hilbery Chaplin, for political service
Mr John (Ambrose) Cope (MP, Northavon), for political service
Mr Edward John Cullen, chairman, Health and Safety Commission
Mr Edward Thomas Downes, conductor
Mr (Albert) (Edward) Patrick Duffy (MP, Sheffield Attercliffe) for services to the North Atlantic Assembly
Mr Malcolm David Field, chairman, Navy, Army and Air Force Institutes, managing director, WH Smith Group.
Mr Anthony Keith Gill, chairman and chief executive, Lucas Industries
Mr Brian Lawrence Goswell, for political service
Mr John Hall, chairman, Cameron Hall Developments
Mr Christopher George Francis Harding, chairman, British Nuclear Fuels
Dr John Theodore Houghton, director-general and chief executive, Met Office
Mr Robert Vidal Rhodes James (MP, Cambridge) for political service
Mr Michael Joughin, chairman, Scottish Hydro-Electric
Mr David Bryan Lees, chairman and chief executive, GKN;chairman, CBI Economic and Financial Committee
Mr Peter Evelyn Leslie, chairman, lately deputy chairman, Barclays Bank
Mr Frederick Albert (Bert) Millichip, chairman, The Football Association
Mr Richard George Rogers, for services to architecture
Dr Joseph William Grenville Smith, director, Public Health Laboratory Service
Prof Roland Smith, chairman, BAe
Mr Harry Solomon, chairman, Hillsdown Holdings
Mr (Bernard Harold) Ian (Halley) Stewart (MP, Herts. North) for political service
Prof Malcolm Keith Sykes, Nuffield Professor of Anaesthetics, University of Oxford
Mr Edward Macmillan (Teddy) Taylor (MP, Southend East) for political service
Prof John Meurig Thomas, Director and Fullerian Professor of Chemistry, The Royal Institution.
Dr Thomas James Thomson, chairman, Greater Glasgow Health Board
Prof David Glyndwr Tudor Williams, vice-chancellor, University of Cambridge.
Prof Erik Christopher Zeeman, principal, Hertford College, Oxford, and Gresham Professor of Geometry

ORDER OF THE BATH

KCB

Mr John Bryant Bourn, Comptroller and Auditor General
Mr Robert Russell Hillhouse, Permanent Under Secretary of State, Scottish Office
Mr Edward Peter Kemp, Second Permanent Secretary, Cabinet Office

CB

Mr Kenneth Reginald Cooper, chief executive, The British Library
Mr Frank Alan Elliott, permanent secretary, Department of Health and Social Services, Northern Ireland
Mr Julian Faux, Ministry of Defence
Professor Francis Stanley Feates, lately Department of the Environment
Mr David Henry Jephson Hilary, Receiver, Metropolitan Police
Mr Peter Benjamin Gurner Jones, Board of Inland Revenue
Mr Christopher Thomas McDonnell, Deputy Under Secretary of State, Ministry of Defence
Mr Peter McMaster, director general and chief executive, Ordnance Survey
Dr David Menhennet, librarian, House of Commons
Mr Clive Trevor Newton, DTI
Mr Frederic Adrian Osborn, deputy secretary, Dept of the Environment
Mr Graham Livingstone Reid, deputy secretary, Department of Employment
Mr William George Sanders, Ministry of Defence
Mr Michael Charles Scholar, deputy secretary, Treasury
Mr Geoffrey Bernard Sellers, Parliamentary Counsel
Mr Godfrey Russell Sunderland, deputy secretary, Department of Transport
Mr Alexander Williams, lately Laboratory of the Government Chemist
Mr Gerald Robertson Wilson, secretary, Scottish Office Education Dept el,3

ORDER OF ST MICHAEL AND ST GEORGE

CMG

The Right Reverend John Richard Satterthwaite, Bishop of Gibraltar in Europe.

ROYAL VICTORIAN ORDER

KCVO

Mr David Burdett Money-Coutts, chairman, Coutts and Co

ORDER OF THE BRITISH EMPIRE

(Civil Division)

DBE

Miss Gwen Ffrangcon Davies, for services to acting
Dione Marian, Lady Digby, for services to the arts

CBE

Mr G.J. Allen, managing director and chief executive, IMI
Mr J.W. Allenby, deputy chairman, Lansing Linde
Mr W.E. Allison, lately Dept of Energy
Mrs M. Barbour, chairman, J Barbour and Sons, for services to export
Prof Christopher Blake, chairman, Glenrothes Development Corporation
Mr A.T. Booth, chairman, South and East Cheshire TEC; chairman, Refuge Group
Mr A.C.N. Borg, director-general, Imperial War Museum
Mr D. Boulter, professor of botany, University of Durham
Mr D.G.M. Boyd, managing director, GOAL Petroleum
Mr C.D. Brickell, director general, Royal Horticultural Society
Mr G. Bundred, for public service
Mr J. Burley, director, Oxford Forestry Institute
Mr R.S. Burman, chairman and managing director, Teledictor
Mr D.E. Butler, fellow, Nuffield College, University of Oxford
Mr H.E. Carter, doctor of veterinary medicine
Mr R.J. Carter, director Marathon Oil
Mr P.A. Christensen, member, commercial Management Board, Agricultural Development and Advisory Service
Mr Frank Clark, general manager, Lanarkshire Health Board
Mr H.S. Cobb, Clerk of the Records, House of Lords
Mr David Colvin, lately chief social work adviser, Scottish Office
Prof David Daiches, for services to literature
Mr Eric Dancer, chairman, Devon and Cornwall TEC; managing director, Dartington Crystal
Mr P.M. Dines, secretary, School Examinations and Assessment Council
Mr Kenneth Douglas, chairman, board of governors, Sunderland Polytechnic
Mr Anthony Fish, member, Advisory Cttee on Research and Development
Miss Gerda Flockinger, artist/jeweller
Mr D.W. Ford, chairman, TWIL
Prof Arthur John Forty, principal and vice-chancellor, Stirling University
Mr J.D. Gadd, chairman, GEC Alsthom
Mr Wilson Gamble, lately chairman and chief executive, Labour Relations Agency
Mr P.N. Gerrard, lately senior partner, Lovell White Durrant
Prof Norman James Gibson, pro vice-chancellor, University of Ulster
Mr A.G. Gormly, director, Trafalgar House
Miss M.E. Grainger, president, Occupational Pensions Advisory Service
Prof G.W. Gray, consultant, MERCK
Mr A.J. Greenwell, chief executive, Northamptonshire County Council
Mr D.W. Greenwood, for political and public service
Col. A.B. Griffiths, chairman, West Midlands, TAVR Association
Mr William Hall, member, Lands Tribunal for Scotland
Mr D.C. Hobson, member, Building Societies Commission
Mr D.A. Howe, for political service
Mr J.B.L. Howell, professor of medicine, University of Southampton, president, British Medical Association
Mr G.N. Inglis, managing director and board member, URENCO
Mrs J.M. Walden-Jones, vice-chairman, Women's Royal Voluntary Service
Prof Elie Kedourie, lately professor of politics, University of London
Mr D.J. Kenny, lately general manager, North West Thames RHA
Mr J.M.K. Laing, chairman, John Laing, for services to export
Mr A.J. Lewis, chairman and chief executive, Illingworth Morris
Mr M.H. Long, chairman, Mid Downs Health Authority
Jean Lady Mackenzie, chairman, Royal United Kingdom Beneficent Association
Mr C.A. Macleod, for services to industry in Scotland
Mr D.R. Male, joint senior partner, Gardiner and Theobald
Mr J.C. McDougall, director of architectural and related services, Strathclyde Regional Council
Mr Desmond McMullan, director of operations, N.Ireland Prison Service
Mr J.S. Morrison, for services to the study of ancient Greece
The Countess Mountbatten Of Burma, chairman, joint cttee, Order of St John and British Red Cross Society.
Mr Thomas Murphy, managing director, Civil Aviation Authority
Mr H.M. Neal, chairman, City and Guilds of London Institute
Mr J.A. Nightingale, chairman, Apparel, Knitting and Textile Alliance
Mr William Nimmo, for political service
Mr P.J. O'Sullevan, for services to horse-racing
Mr David Owen, Chief Constable, North Wales Police
Mr M.H. Phillips, chief executive, Clwyd County Council
Mr J.F. Porter, director-general, Commonwealth Institute
Mr G.H. Potter, lately senior partner and chairman, Frank Graham and Partners
Mr S.J.C. Randall, London Boroughs Association
Mr A.J. Roberts, chairman, South Thames TEC; managing director, Post Office Counters
Prof Norman Robert Ean Robertson, Dean of the Dental School, University of Wales College of Medicine
Mr K.P. Robinson, lately assistant managing director, GEC Marconi
Mr W.D.C. Semple, Director of Education, Lothian Regional Council
Mr J.H. Subak-Sharpe, professor of virology, University of Glasgow
Prof John Rankin Small, Commission for Local Authority Accounts in Scotland
Mr J.F.M. Smallwood, chairman, City Parochial Foundation
Mr A.D.G. Smart, Emeritus Professor, Urban Planning, University of London
Mrs M. Hildick-Smith, consultant physician in geriatric medicine, Kent and Canterbury Hospital
Mr M.H. Spence, Dowty Group
Mr R.H. Streeten, Law Commission
Mr Victor Ternofsky, assistant comptroller, Patent Office, DTI
Mr T.C. Thomas, deputy national manager, Unilever
Prof Victor Brownlie Torrance, professor of building, Heriot-Watt University
Mr Garry Turvey, director-general, Freight Transport Association
Miss S.E.R. Walker, (Mrs Allum), opera singer
Mr R.T. Turner-Warwick, senior surgeon, The Middlesex Hospital
Mr Cyril Washbrook, for services to cricket
Mr Keith Waterhouse, author
Billie Whitelaw, (Mrs Muller), actress
Mr P.O. Williams, director, The Wellcome Trust
Mr W.E. Wilson, director-general, Federation of Agricultural Co-operatives
Mr J.D. Woods, director, Natural Environment Research Council
Mr P.B. Woods, HM Deputy Chief Inspector, Nuclear Installations
Mr I.H.N. Yates, lately general manager and chief executive, The Press Association

OBE

Mr D.A. Ayres, chairman Advance Tapes (International)
Mr P.M. Bell, director of operations, Engineering Employers Federation
Chris Barber, for services to jazz
Mr I.D.G. Berwick, director general, UK Petroleum Industry Association
Mr A.P.M. Bird, deputy chairman, Bird Group
Mr David Brunnschweiler, lately group managing director, Cosmopolitan Holdings
Mr E.T. Cantle, director general, National Home Improvement Council
Brian Clough, for services to football
Mr B.B. Coldwell, chief executive, Teesside Tomorrow
Mr J.M. Connell, chairman, Noise Abatement Society
Mr John Dickie, lately diplomatic correspondent, Daily Mail
Mr Raymond Dickinson, Royal Pharmaceutical Society
Mr J.D. Driver, non-executive chairman, Meggitt
Dennis Enright, poet and writer
Mr L.G. Evans, lately of Marconi Defence Systems
Mr A.R. Fairley, managing director, Port of Tyne Authority
Rikki Fulton, actor and entertainer
Mr J.L. Graham, managing director, Border Television
Mr Terence Higgins, president, Sand and Gravel Association
Mr R.H. Hill, Small Firms Service
Mr A.O. Hughes, director, Ove Arup and Partners
Mr Patrick Killen, managing director, Tyrone Crystal
Mr J.R.J. King, lately of Trans Link Joint Venture
Mr D.O. Lewis, manager, Babcock International Group
Mr J.E. Lovell, chairman, Association of Sea Fisheries Committee
Mr E.H. Marley, of Swan Hunter group
Mr J.J.B. McGahan, chief executive, Livestock Marketing Commission
Mr H.R. Morrison, chief executive, Scottish Council Development and Industry
Mr Trevor Newton, deputy chairman, Yorkshire Water
Mr G.D. Paul, lately editor, Jewish Chronicle
Mr M.J. Reilly, coach, Great Britain rugby league team
Mr Richard Sevinson, managing director, Electricity Association Services
Mr A.E. Stone, chief executive, Leeds and Holbeck Building Society
Mr J.Q. Thorburn, managing director, Thorburn
Roger Uttley, for services to rugby union football
Mr D.J. Walker, director, All Wheel Drive
Mr N.H. Walker, director, National Oilwell (UK)
Mr Harry Watson, managing director, Mirrlees Blackstone (Stockport)
Mr D.H. Whitaker, chairman, J. Whitaker and Sons
Mr D.A. Whiting, former chairman, International Petroleum Exchange
Mr F.W. Whyte, divisional managing director, Vickers
Mr Derek Wilsbore, divisional director, Yorkshire Electricity
Mr C.V. Williams, lately of British Coal
Mr M.R. Williams, lately of Rolls Royce

MBE

Kriss Akabusi, for services to athletics
Dennis Andries, for services to boxing
Mrs M.V. Apel, Advisory Conciliation and Arbitration Service
Mr Jack Ashwell, lately of the TGWU
Mr R.S. Aspin, of Rolls Royce
Mr Stanley Beddoe, manager, GEC
Prof J.G Bettlestone, director, Techniquest
Mr Robert Bell, manager, NEI International Research and Development
Mr R.T. Browne, of Renault Truck
Mr J.L. Bulley, managing director, JLB Textiles
Mr J.W. Bunting, chairman, Beacon Controls
Mr Anthony Chantler, executive, BAe
Mr M.F. Cherry, systems engineer, Hunting Communications
Mr James Collins, manager, North West Water
Kenneth Connor, actor
Mr Patrick Crean, chairman, Herring Buyers Assocn
Mr Brian Elerby, manager, Weetabix
Mr Stephen Entwistle, of VSEL
Mr A.J. Gyselynck, Wycome Air Centre
Mr B.F.C. Hammond, contract manager, Dudley Coles
Mr R.V. Hammond, manager, Marconi Radar Systems
Mr B.R. Hill, managing director, Crosrol
Mr N.A. Horsley, manager, Sun Alliance
Mr G.T. Mandl, chairman, Thomas and Green Holdings
Mr J.G. Martin, chief engineer, P&O
Mr Lloyd McCullough, personnel director, Crossbows Optical
Mr P.A. Neenan, director, AMG
Mr T.J. O'Connor, chairman and managing director, Elta Plastics
Mr W.A. Painter, manager, Thorn EMI
Mr Peter Pieroni, manager, BP
Mr J.J. Reid, manager, British Nuclear Fuels
Mr Wilfred Roberts, divisional head, British Ceramic Research
Mr A.J. Swanson, assistant company secretary, National Power
Mr I.S. Tiefenbrun, chairman and managing director, Linn Products
Miss J.E. Tozer, chief executive, Softwright Systems
Mr K.E. Watkin, managing director, Crabtree
Mr John Whitaker, for services to show jumping

Long-serving MPs share in clutch of honours

By Alison Smith

THERE are three privy counsellors and five knights from the House of Commons in today's list.

Sir Paul Dean, one of the deputy Speakers and MP for Woodspring, has been an MP for 27 years and was a junior minister in Mr Edward Heath's administration in the 1970s.

The other two new privy counsellors are both serving ministers. Mr Archie Hamilton, armed forces minister since 1988, was parliamentary private secretary to Mrs Thatcher after the 1987 election while

Sir Wyn Roberts has been a Welsh office minister since 1979.

Mr Pat Duffy, Labour MP for Sheffield Attercliffe since 1970, is the first sitting Labour MP to be knighted since Mr Harold Wilson became a knight of the Garter after resigning as prime minister in 1976. His knighthood comes for his work in the North Atlantic Assembly, an organisation of parliamentarians from Nato countries.

Mr Teddy Taylor's knighthood comes despite his record as an independently-minded backbencher who has been a consistent and trenchant critic of the European Community.

Mr Robert Rhodes James, the Cambridge MP who is standing down at the next general election, has also been a forthright critic of the Government.

Mr Ian Stewart, MP for Hertfordshire north, has been in the Commons for 17 years and during his four years from 1983 as economic secretary to the Treasury served with Mr John Major. He became armed forces minister in 1987 and a Northern Ireland minister the following year before leaving government in 1989.

Mr John Cope, currently a deputy chairman of the Tory party, spent eight years as a government whip before becoming a minister first at the department of employment and then at the northern Ireland office.

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Hoping for a reward

THE PRIME minister's fidelity to the monetary cage within which he placed himself as chancellor is nothing short of remarkable. Fortune may favour the bold and grant Mr Major an election victory, though hardly, as he now appears to be admitting, before 1992. Yet fortune is fickle. The prime minister could go down to history as the man whose devotion to economic orthodoxy laid the foundation for the most successful Labour government in British history.

This government is evidently prepared to drain the bitter cup of the mistakes made earlier in the current parliamentary term to the dregs. But this fidelity to disinflationary duty means that whoever wins the next election should inherit an economy with excellent prospects for sustained economic recovery.

Mr John Smith, the shadow chancellor of the exchequer, must hardly believe his luck. He can criticise the government's unpopular policies to the best of his not inconsiderable abilities. But as he well knows, those very policies are not only improving the political prospects of his party before the election, but – should it win – its prospects for success thereafter.

The government must wonder whether a strong recovery is at all likely and, if not, whether lower inflation and lower rates of interest would themselves bring disgruntled former Conservatives back into the fold. It must also wonder what to do if the answer to both question is "no". Does it have any options or, as Sir Alan Walters gloomily prophecies, will it have to go down with the political ship, saluting economic rectitude all the while?

Government success

The copious economic news of the past week confirms the government's success, but also its price. The disinflationary process is now well under way. But the UK remains mired in a deep recession.

The headline rate of inflation over the year to May is down to 5.8 per cent. Excluding mortgage interest, which gives the government's preferred measure of underlying inflation, it is 6.6 per cent. As would be expected in an economy subject to the disinflationary discipline of the exchange rate mechanism of the European Monetary System, combined until fairly recently with a weak dollar, inflation in manufacturing is falling faster than in services. Excluding food, drink and tobacco, producer prices are provisionally estimated to have increased by only 5.5 per cent in the year to May and at an annual rate of only 4 per cent over the latest quarter.

The reduction in underlying inflation reflects the severity of the recession, exemplified by the week's story of disappointed hopes in the Confederation of British Industry/Financial Times quarterly survey of the distributive trades. The decline in demand also shows itself in the continued increase in unemployment, if at a slightly slower rate. The seasonally-adjusted increase of 71,000 brings the rate of unemployment to 7.9 per cent, from 5.6 per cent 14 months ago.

Pay inflation

The increase in unemployment, which is certain to continue throughout the year, will bring fear to many and unpopularity to the government. But it is also grinding down pay inflation, if too slowly, with underlying inflation in earnings down by 1¼ percentage points since July of last year. According to the CBI, April's pay settlements showed the largest decline for a decade, from 8.1 to 6.8 per cent, presumably reflecting the squeeze on manufacturing. Since unemployment will go on rising, further declines in pay inflation are certain.

The UK's inflation is, in short, now well on the way to a good European standard, if not the best, merely as a result of past policy. The question is whether there will also be an early recovery.

On this the jury remains out. Base rates have been reduced by 3¼ percentage points from their peak, without damaging sterling's parity in the ERM. But prospective short-term real rates of interest cannot be much less than 5 per cent. These real rates will not fall much further, largely because German interest rates will limit the decline in base rates, but also because base rates will tend to follow inflation down. Exports have been growing too slowly to make any big contribution to recovery. The dollar's appreciation has lowered sterling's trade-weighted exchange rate by about 5 per cent since February. But this is unlikely to make much difference.

As for its options, the government should take any opportunity offered to lower base rates. Lower interest rates may even strengthen sterling, as prospects for both the government and the economy improve. But room for manoeuvre is small. That was, after all, precisely the point of the decision to enter ERM. The government can do little more than hope that the virtue of chaining itself to the mast does not have to be its own reward.

Last stand, or a fight for jobs

Ian Hamilton Fazey on the struggle for power in Liverpool

Even in the Netherley and Valley council estates, Liverpool does not look like a battleground. The piles of uncollected rubbish have to be searched for amid miles of well-kept suburbia.

Is this the site of Militant's last stand, where a city council led by Labour party moderates is locked in mortal combat with Militant-led town hall trades unions; where Mr Neil Kinnock and his adversaries will try to settle it by single combat proxy in the Walton parliamentary by-election next month?

But battle there is. Liverpool may not be in chaos, but it is in crisis, as it has been in the eight years since Labour took undisputed power over the city council. Doubts about its very governability are unresolved, which is what the battle is about.

On one side are the socialist fundamentalists, who helped to make the Labour party unelectable in the 1980s. On the other are those who believe that Mr Kinnock has put the party in a position to emerge victorious at the next general election by moving it to the right.

For despite Labour's current lead over the Conservatives in the opinion polls, Liverpool is still an Achilles heel, where hundreds of fundamentalists believe that theirs are Labour's "real" policies and should also be Mr Kinnock's.

Mr Kinnock's campaign against them began in 1985, when he finally lost patience with Liverpool city council. The broad left caucus which ran the council had brought the city to the brink of bankruptcy by deliberate overspending on a job-creating programme of municipal works.

He declared war on the Militant Tendency, a Marxist grouping whose members joined the Labour party to try to change it from within. The Millies, as they are known locally, built Liverpool's broad left caucus and controlled its political machine.

Mr Kinnock's mistake was to believe that if Labour expelled a few prominent Millies – notably Mr Derek Hatton, Mr Tony Mulhearn and Mr Ian Lowes – the caucus would collapse, especially after 47 Liverpool councillors were disqualified from office in 1987 for wilful financial mismanagement of the city two years earlier.

When Mr Harry Rimmer, former deputy leader of the abolished Merseyside County Council, took over as city council leader in May 1987 the hope was that he would whip the new council into shape.

However, the broad left was entrenched at grass-roots level and still dominated the new council. Mr Rimmer recalls: "I realised at the first meeting of the Labour group that it was probably ungovernable, and with it the city."

He resigned a few months later when the ruling Labour group on the council refused to let him ask the government to reassess Liverpool's spending needs, claiming this would give the government the right to veto pet projects. His deputy, Mr Keva Coombes, took over.

Mr Coombes, the former county council leader, had failed to take Hyndburn, a Lancashire Tory marginal, at the 1987 general election. An unerring champion of underdogs, he thought he could balance Labour's left and right. Mr Rimmer regarded this quality as a weakness and waited for the moment to oust him.

After last year's local elections, Mr Rimmer could count on 32 of the new Labour group of 67. The broad left had 29 and there were five chairmen, including Mr Coombes, who would not support Mr Rimmer. But Mr Peter Kilfoyle, Labour party regional organiser, Militant finder-general, and now Mr Kinnock's champion in the Walton by-election, neutralised 14 of the 29 by getting them suspended from the Labour Party. They had flouted party policy by voting against setting a poll tax.

Mr Rimmer's group challenged for the leadership and won, but when he recently demanded cuts in the council workforce to reduce overstaffing and balance the budget, a series of strikes and industrial action began.

A group of 150 security guards recruited in the Militant era and represented by Mr Lowes as shop steward of their union branch, are prime targets for the sack. Intimidation and harassment are widely alleged.

When polling takes place in Walton on July 4, the Labour party's claim to have purged itself of Militant is on the line. Mr Kinnock hopes that Mr Kilfoyle will trounce Mrs Lesley Mahmood, deputy leader of the broad left councillors, all of whom have now been expelled from the party.

Town hall union leaders said yesterday that their strikes would go on. Their fight is part of Mrs Mahmood's campaign promise to defend and save jobs in a city with 22 per cent male unemployment. It is a powerful message. The voters of Walton may see the battle as nothing to do with Militant's last stand at all. They may see it simply as a fight for work.

James Buxton, FT Scottish correspondent, visits the troubled northern English city and contrasts its fortunes with those of Glasgow

A modern tale of two cities

Towards the end of the 1970s a group of civic leaders from Glasgow visited Liverpool. Both cities, they told their opposite numbers on Merseyside, were once bastions of Britain's imperial trade and were now in crisis. Why didn't they form a twinning alliance?

No, said the Liverpudlians. "Glasgow's so awful you would be an embarrassment to us."

Glasgow is now an embarrassment to Liverpool for a different reason: it has revived itself in the past decade and told everyone about it. The best that can be said about the confrontation with militant trade unionists in Liverpool this week is that it shows that the city is finally tackling its problems.

In fact Liverpool, seen by a visitor from Scotland on a couple of fleetingly sunny days this week, does not look nearly as bad as one is led to expect. Its setting on the Mersey beats anything Glasgow can offer; clean, imposing buildings in the heart of the city symbolise past pride; tourists swarm in thousands through the new galleries and shops of the Albert dock on the waterfront.

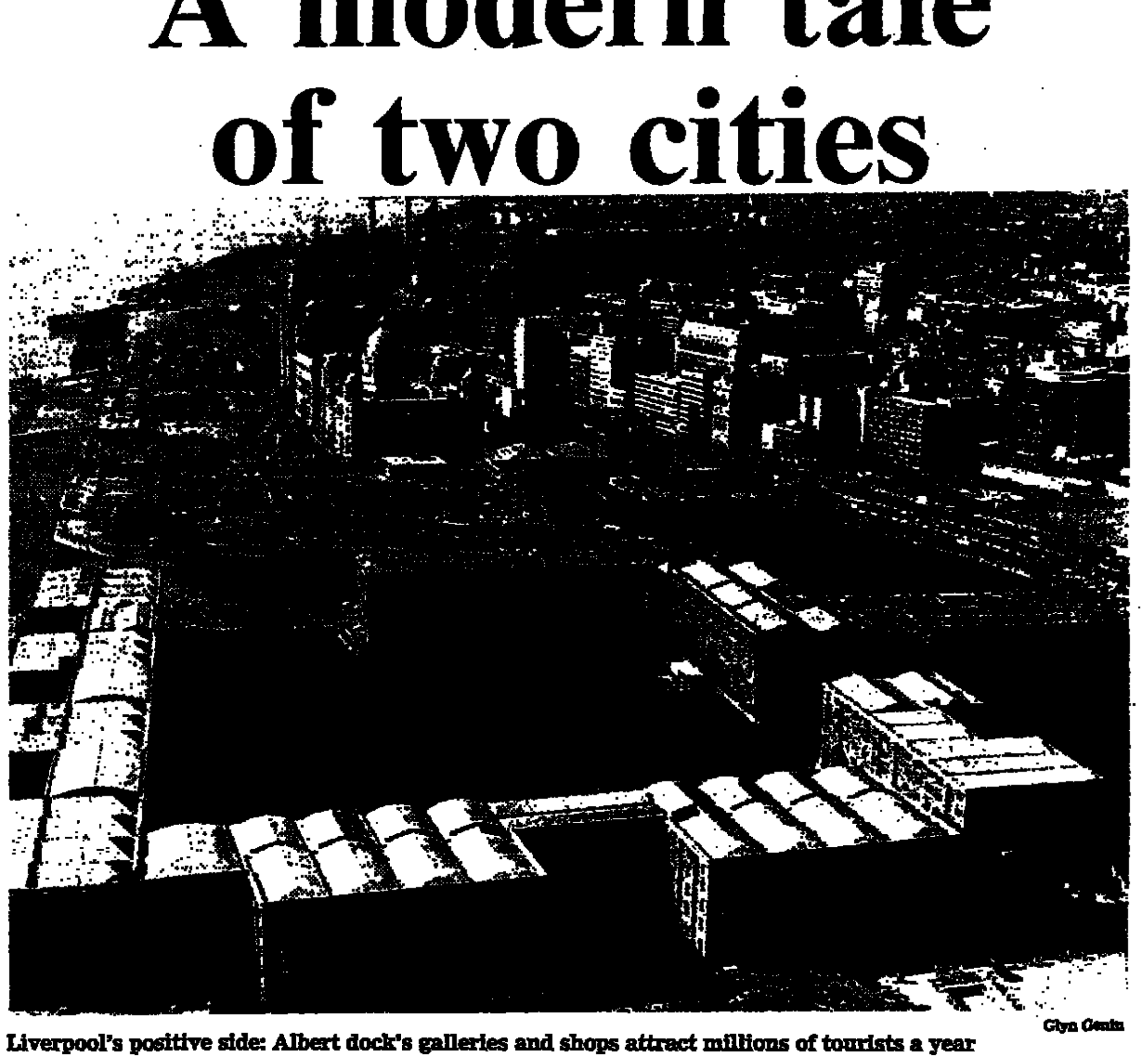
There are boarded up shops and derelict blocks of flats, but there are probably at least as many in Glasgow's outer estates.

Yet whereas the streets of the centre of Glasgow are noisy with people and traffic, those of Liverpool barely seem to hum at midday and after 6pm are practically deserted. There are fewer shops and fewer offices housing the thriving professional service businesses that you see in Glasgow.

The symptoms of Liverpool's sickness are high unemployment and a low level of economic activity, now made worse by recession. In the 1970s and 1980s it was devastated by the effects on its port, Liverpool's *raison d'etre*, of the switch in UK trade from the Atlantic to Europe. Some 10,000 people were emigrating a year, taking the population down to 450,000 from its peak of about 700,000 after the second world war. A quarter of the population of working age lacks a permanent job and the male rate of unemployment is almost 22 per cent.

Unemployment in Glasgow is not all that much lower than Liverpool's. But Glasgow also has a strategy for revival: to develop a largely service economy, much of its heavy industry having disappeared; to persuade businesses to relocate from other parts of Britain; to attract tourists by promoting the arts, and use whatever hype is necessary to promote itself.

No one in Liverpool seems to be proclaiming a strategy. In fact, as Mr Michael Parkinson of Liverpool university's centre for urban studies says, "two decades of economic failure, political failure and self-destruction have bred cynicism in the city's public life".



Glyn Genin

Liverpool's positive side: Albert dock's galleries and shops attract millions of tourists a year

There is no strategy, he believes, because there is no leadership. In Glasgow, whose relative success is much studied on the Mersey, the city's Labour politicians realised in the late 1970s that they would have to amend their politics if they were to take their city out of decline. They gradually formed alliances with an initially suspicious private sector and the potentially hostile Thatcher government.

Liverpool has not had the continuity provided by a long-serving, experienced city administration. When Labour came to power in 1983 it was in the grip of Militant, which embarked on a disastrous confrontation with central government that effectively deprived it of the money it might otherwise have had.

As Mr Keith Robinson, chief executive of Merseyside chamber of commerce points out, the city's business class drives out of Liverpool every evening to homes in the Wirral, or Cheshire. "In Liverpool the people who in Glasgow or Newcastle would give time to local affairs don't live in the city," he says.

Although Glasgow may have been in a worse state than Liverpool when it embarked on regeneration, it had certain advantages: the city had always been an important centre for services whereas Liverpool, Mr Robinson says, is over-shadowed by Manchester, 30 miles away.

Then, Liverpudlians point out, Glasgow has the advantage of being in Scotland. The Scottish Development Agency (SDA) was vital in leading and financing projects, such as the Glasgow Garden Festival, and knocking heads together. The Scottish Office and the secretary of state in cabinet secured enormous sums of government and EC money.

For a time in the early 1980s Mr Michael Heseltine, as environment secretary, almost became secretary of state for Liverpool and spent a day every week in the city. But later the Conservatives abolished Merseyside county council, which, like the surviving Strathclyde regional council in Scotland, provided both regional co-ordination and a moderating influence on the city council.

For years Merseyside Development Corporation, the nearest equivalent of the SDA, had to work only with the private sector to pursue its urban renewal schemes because Liverpool city council refused to co-operate. Even now the council, under more pragmatic leadership, is only inching towards co-operation with private sector companies, hampered by lack of money and by political hang-ups.

Yet, Mr Parkinson believes, Liverpool actually has more to build on than Glasgow. "The river is very dramatic and impressive, the new Tate gallery is better than the Burrell collection and there is a lot more culture and poetry and theatre and football than there is in Glasgow."

There is hope on the economic front too. The Mersey Docks and Harbour company handles more than twice the tonnage it dealt with in 1980 with far fewer dockers, and made nearly £11m in profit last year. Labour relations outside the public sector are now "extremely good," Mr Robinson claims. The Albert dock complex, a triumph for the Merseyside development corporation which has secured £71m of private finance for the venture and receives 6m visitors a year, is a sound base for a tourist industry.

The lesson of Glasgow, Mr Parkinson says, is that it takes many years to generate the partnerships and the momentum that revive a city. "You've got to work incrementally and install a pacing mechanism so that you've got some new event coming onstream all the time."

The sad thing is that Liverpool has only just started.

MAN IN THE NEWS

Grigory Yavlinsky

Crusading citizen for economic reform

By John Lloyd

Mr Grigory Yavlinsky is back in his native Moscow this weekend,a month of work at Harvard University on a reform plan for the Soviet Union behind him. In front of him lies the probably harder task of convincing his country's government that it should adopt the plan.

This 38-year-old economist has already achieved much. Since resigning last November from the deputy premiership of Russia, he has held no official post, beyond that of a part-time consultant to the president of the republic of Kazakhstan. Yet this private Soviet citizen has, in the past few weeks, succeeded in becoming the focus of attention of those in the Soviet Union and in the west who are concerned to develop structures of collaboration through which the latter might assist the former in the interests of both.

He was formerly best known as the collaborator, with Professor Stanislav Shatalin, on the "500 Day" programme which seemed, last autumn, to command the support of Mr Mikhail Gorbachev, the Soviet president: yet this vast blueprint for a charge to the market ran into a wall of ministerial and apparatus opposition. This both sank it and helped usher in a period – lasting until this April – in which it seemed that economic reform was being sliced into insignificance and political reform destroyed by a new authoritarianism. Mr Yavlinsky said on his resignation: "The Soviet government has doomed to failure any hope of introducing market mechanisms."

It was a time of radical despair, of extravagant and deeply felt denunciation of Mr Gorbachev for betraying a democratic trust. Mr Yavlinsky, however, did not join the chorus: a sense of national shame prevented it. "I felt very humiliated by relief parcels from abroad," he said recently. "I grew up in this country. I think it is rich enough to take care of itself."

He thus got together with some of his associates and produced a fresh approach: that further progress was only possible on the basis of a consensus between the opposing political and nationalist forces which reform had set loose, and that economic change itself was only possible through striking a close interrelationship with the west.

In an interview, he described reviewing the history of Russia for these (few) periods where consensus had worked – "immediately we felt a surge of strength because our task became clear – we needed to write down how we could advance to general accord". Speaking to the FT in April, he said that "it's clear that the only way out for the republics is to have a common currency and a common customs... their people won't wait for them to create their own banking systems".

Soon after his resignation, Yavlinsky struck up a collaboration with Professor Graham Allison, former dean of the Kennedy School of Government at Harvard University, a political scientist who moved easily between Washington, the universities and the fevered world of Soviet politics. Prof Allison had the contacts – and the idea that Yavlinsky, with a sufficient reputation in the west to command attention, could be the focus of a renewed reform effort.

As their collaboration progressed, Allison gathered around him and Yavlinsky a group of "policy intellectuals": Professor Robert Blackwill, a former aide to President George Bush on the Soviet Union; Professor Stanley Fischer, former chief economist to the World Bank and a principal author of the IMF/World Bank report on the Soviet economy; and Professor Jeffrey Sachs, the Harvard economist who had become the principal outside economic influence on the post-Communist government of Poland. These were all private citizens: like Yavlinsky, they had the best connections.

Late in April, these connections invited Mr Yavlinsky to address the Consultative Council of the Group of Seven industrial nations in Washington – the first Soviet ever to do so. Mr Yavlinsky made an impassioned plea for co-operation. He aroused interest, but also scepticism. With what authority did he speak?

On his return to Moscow, he talked to Mr Yevgeny Primakov, an aide to President Gorbachev. Mr Primakov urged him to draft a letter – which he later co-signed – to the Group of Seven formalising the proposals for co-operation. On May 5, he saw in succession, Mr Boris Yeltsin (now Russian president-elect) and Mr Gorbachev. The Soviet president made clear that he had his support to draft a plan which would convince the west that a new collaboration was possible.

Even before his bout at Harvard where, according to his US colleagues, he hardly slept, Mr Yavlinsky was a ferocious overworker – a habit which, combined with overweight and an addiction to tobacco, concerns his friends. He looks even younger than his years, with a baby face, a shock of curly hair and wide, shining eyes: an appearance which he combines with a cheerful equanimity which is rare among Russia's intellectuals.

He is a courteous but private man, preferring to talk about ideas than his personal life. Though intensely committed to his work, he remains cool about his loyalties, emphasising that his support for Mr Yeltsin is one based on the Russian leader's so far fairly consistent championship of reform, not on his qualities as a leader or a politician.

Yet he remains what he was when he began this venture: a private citizen. His plan, which calls for aid of between $20bn and $35bn a year for a phased series of deep economic and political reforms, may be rejected by President Bush and his fellow G7 colleagues as too utopian or too expensive, or both. It may fail to attract the support of Mr Gorbachev or Mr Yeltsin because they cannot see their way to broker it through the political opposition it will face.

But the election of Mr Yeltsin – his political patron – as president of Russia, and the concomitant clean sweep for the radicals in the Moscow and Leningrad mayoral elections will mean that, when Mr Yeltsin goes to the US next week as a president, he will be seen as the bearer of the standard of reform on which Mr Yavlinsky has stitched the design.

Speaking last month to Mr Yegor Yakovlev, the editor of Moscow News, Mr Yavlinsky said: "I just analyse the situation and see what can be done to improve it. Then I try to prove my point. My own fate is irrelevant. I believe in doing what I think is correct. And I believe there can't be simultaneously two different and equally correct solutions. If you refuse to do what you think is correct you have an alternative – either to do nothing or to do something which you think is wrong. Both are repugnant to me."

Mr Yavlinsky has certainly done something. His country now waits to see how right it will be allowed to be.

The UK chancellor is resisting calls for sharp cuts in rates. **Peter Norman** reports

Lamont sticks to his cautious line

Things are getting tougher for Mr Norman Lamont, the chancellor.

Seven weeks ago, he declared that economic recovery was "round the corner". Today, after a week of new economic data, there is no sign that the recession is ending, and he is staring at a long, hard road ahead.

No one can claim that Mr Lamont has had an easy time in his six and a half months as chancellor. But his problems are increasing by the day.

● He faces growing pressure to replace his cautious policy of cutting interest rates by half a percentage point at a time by more radical action to boost Britain's economy.

● His room for manoeuvre is being simultaneously curtailed by an erosion of sterling's strength in the exchange rate mechanism of the European Monetary System as the disputes within the Conservative party unsettle international holders of the pound.

● The electoral clock is ticking. With economists now putting off their target dates for recovery until the third or fourth quarter of this year, it is far from clear that the government can deliver sufficient good economic news to lift the electorate's spirits in time for the general election that has to be fought by mid-1992.

In April, Mr Lamont was full of hopes for an early return to economic growth on the strength of a Confederation of British Industry survey of manufacturing industry which pointed to a revival in business optimism. Since then other business surveys suggest confidence has dropped among manufacturers and consumers.

Fears have grown that Britain might be in the middle of a "W"-shaped recession, where early signs of recovery give way to further decline.

Economists are drawing unfavourable comparisons with the US, where the economy now seems to be pulling out of recession. While UK interest rates have stayed in double figures, the Federal Reserve Board has coaxed the important Fed Funds rate, at which banks lend to each other, to below 6 per cent.

Until recently, only a handful of monetarist economists were advocating sharp interest rate cuts. The call has now been joined by others.

Professor Douglas McWilliams, the CBI's chief economic adviser, captured the mood when he called this week for a "sufficiently sharp cut in interest rates to restore confidence". Speaking on Wednesday, he warned that a "combination of economic and political uncertainties" was "depressing confidence and preventing a recovery in spending". Declaring that "the time for caution has gone", Prof McWilliams said Mr Lamont should cut rates quickly now, even at the risk of putting them up again next year once recovery has started.

Other traditionally middle-of-the-road economists think the chancellor is too cautious. "He should take every opportunity to cut rates," says Professor Alan Budd, economic adviser of Barclays Bank. Prof Budd believes the recovery may not begin before the fourth quarter.

Mr David Kern, National Westminster Bank's chief economist, has also called for a modest acceleration in the pace at which UK interest rates are allowed to fall. He is worried that the recession could cause long-term damage to Britain's productive base.

Prof McWilliams wants base rates to fall from the current 11.5 per cent to 9.5 per cent in three months. Prof Budd and Mr Kern would like to see 10 per cent base rates by autumn.

What unites all three is concern about the consumer. Hopes for recovery had been pinned on a rebound in spending as consumers' real incomes rose and inflation fell. Instead it appears that rising unemployment – up by ¾m to nearly 2.24m since Mr John Major became prime minister last November – is not only hitting the spending power of the jobless but keeping the purse strings of other consumers tied.

This "fear factor" was highlighted on Thursday by Mr Nigel Whittaker, a senior executive with the Kingfisher store group and chairman of the CBI's distributive trades panel. He warned: "The risk of unemployment has now taken over from high interest rates as the main factor denting consumers' confidence."

As Mr Whittaker spoke, the May unemployment figures confirmed that Britain is in the midst of a significant labour market shake out that is hitting the Conservative heartlands of the south. Unemployment will increase well into next year, with some forecasters expecting 3m jobless by March 1992.

At the same time, inflationary trends are helping to fuel the pressure for lower interest rates. Wage pressures and producer price inflation are easing. Further declines should follow yesterday's news of a drop in the annual rate of retail price inflation to 5.8 per cent in May.

So why does Mr Lamont not act more boldly?

First, Britain still has some way to go before it can match the inflation performance of its European partners. The government is confident that it can bring retail price inflation down to 4 per cent by autumn. But underlying inflation still looks high.

Second, the UK's past poor inflation record has created a strong bias against precipitate action. Officials argue that there has already been a substantial easing of monetary policy since base rates were cut from the 15 per cent when sterling entered the ERM.

Policy has been eased in other areas too. The accompanying illustration, based on research by Mr Keith Skeoch, chief UK economist of James Capel & Co, suggests that economic policy overall has been relaxed far more than recent interest rate cuts imply. Using a weighted policy unit, comprising changes in base rate, the effective exchange rate and the government's fiscal stance, Mr Skeoch concludes that the UK policy stance is looser than at any time since 1987.

It is therefore conceivable that the recovery is already under way, and will only surface in survey and official data from September onwards.

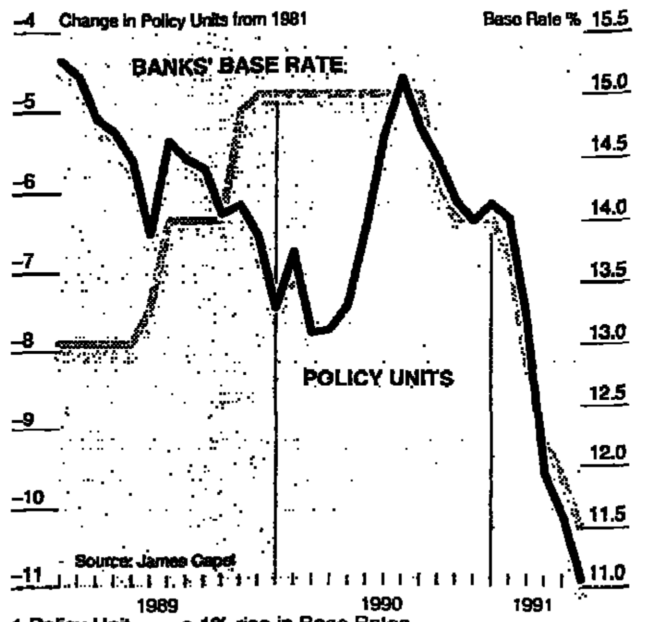
The government also has to pay special heed to Britain's position in the ERM. Over the past week, while the money markets pressed for a rate cut, sterling fell below its DM2.95 central rate against the D-Mark and lost ground against other currencies in the ERM. It was mainly because of sterling's weakness that the Bank of England has acted strongly to quell interest rate speculation during the week.

It is likely that the authorities will soon sanction a further half-point cut in base rates if financial markets are favourable. But electoral as well as economic considerations suggest more radical action is unlikely.

Even if the recovery is well under way by the spring, it is doubtful whether voters will be much aware of it. Unemployment will still be rising and there is a risk that the headline inflation rate could be nudging upwards as this year's interest rate cuts drop out of the retail prices index.

By then, Mr Lamont's only sensible option will be damage limitation. He will want to keep some interest rate cuts in reserve for use if market conditions allow. He will also be aware that base rates, when they go up, tend to go up by a full point at a time. Unless he undergoes an improbable Damascene conversion, the chancellor will not want to push rates down too quickly now at the risk of raising them as voters prepare to go to the polls.

Overall Policy stance against Base Rates



1 Policy Unit = a 1% rise in Base Rates
or a 3% rise in Effective Exchange Rate
or a ½% decline in PSBR as a % of GDP

Triumph, then trouble

Lionel Barber on the dilemmas of US Middle East policy

Two thunderous victory parades shook the streets of New York and Washington in the past week, a chance for millions of Americans to expunge the memories of Korea and Vietnam and celebrate renewed pride in the US military.

These were very personal moments, too, for President George Bush. He dabbed his eyes, talked about his faith in God, and performed as commander-in-chief with a confidence which explains why he towers over potential Democrat aspirants to the White House.

What is striking is how Mr Bush has so far failed to exploit his domestic popularity in post-war diplomacy. The Middle East looks as confused and chaotic as ever. So far, at least, his administration has been unable to break the mutual distrust between Israel and the Arab states. Neither side has been able to agree on the terms of an international peace conference, let alone settle the Palestinian issue.

Plans for a new security system in the Gulf appear in disarray. The oil-state rulers more interested in securing their own safety. The ruling Al-Sabah family in liberated Kuwait may have agreed to hold elections, but widespread reports of human rights violations continue to embarrass the administration.

Most galling of all, President Saddam Hussein remains in power. Having crushed Shia and Kurdish rebels, he is consolidating his grip through purges of the armed forces and the Baath party. Talk in Washington of Mr Saddam being ousted this year has all but evaporated.

New York ticker-tape parade

A further setback came this week when the administration conceded that a large portion of Iraq's nuclear and chemical weapons capability remains intact. A senior Iraqi scientist who defected earlier this month has provided reliable information that the US identified only three of seven nuclear weapons sites as bomb targets, and that Mr Saddam was still attempting to build a nuclear device.

Administration critics suggest that Mr Saddam's survival – coupled with the lack of progress on peace negotiations in the Middle East – underline the inconclusive nature of the Gulf war and Mr Bush's own failure to engage in serious post-war planning.

"What you are now seeing," says Ms Judith Kipper, a Middle East expert at Brookings Institution who has recently returned from the region, "is business as usual, with everyone going back to their old tribal ways."

Is this a fair criticism? Mr Bush and his top advisers can certainly be accused of having put tactics above strategy. When the President called a halt to the ground war after 100 hours, he seems to have had his eye more on the next day's headlines than on the columns of escaping Iraqi tanks.

But the unsatisfactory end to the war stems more directly from the limited objectives pursued by Mr Bush in mid-January when he ordered US aircraft to bomb Baghdad as the prelude to the allied ground offensive.

Marching on the Iraqi capital would have exceeded the United Nations mandate. It would also have raised the spectre of GIs patrolling the streets of Baghdad on a mission as ill-defined as the disaster which befell the US Marines in Lebanon in 1983. Above all, Mr Bush, a man schooled in the Nixon-Kissinger school of *Realpolitik*, was determined to preserve a regional balance of power to offset Iran.

The US, therefore, was always opposed to any move which could lead to the territorial break-up of Iraq. The White House placed its hopes instead on an army coup to remove Mr Saddam. Today, officials acknowledge they failed to appreciate the degree to which Iraqi commanders would put their country's territorial integrity ahead of retribution against their own leader for his reckless adventure in Kuwait.

Moreover, as General Norman Schwarzkopf, allied commander-in-chief, testified to Congress this week, Iraq maintained 26 divisions outside the Kuwait theatre during the war, easily enough to crush internal rebellions.

A second important decision was Mr Bush's determination to remove US forces as fast as possible. His overriding goal was to avoid a Vietnam-style quagmire. Indeed, it was only with great reluctance that he bowed to British pressure to commit US forces to northern Iraq to set up enclaves for the starving Kurds – and then only on the strict condition that the UN would assume responsibility for the refugee camps as soon as possible.

Since the original deployment, US troops in northern Iraq have been cut from 20,000 to 12,000, and they should be out of Iraq within two months, a senior US official said - perhaps even sooner. This puts great strain on the UN which is plainly not equipped to assume this kind of peace-keeping duties.

Money is a huge problem. A mere $7.5m has been pledged to fund UN guards to protect the Kurds in response to an appeal for $35m; the UN has only sent 50 guards to Iraq, far short of the 500 called for under an agreement with Baghdad; an appeal for $65m to feed refugees returning from Iran and Turkey to Iraq has only raised $1.5m, according to a report this week by the UN Disaster Relief Co-ordinator.

The US, meanwhile, remains adamant that sanctions should continue against Iraq until Baghdad complies fully with the terms of a permanent cease-fire set down in UN resolution 678. US officials acknowledge that this will mean continuing hardship for the Iraqi people; but "any easing of sanctions will be considered only when there is a new government," Mr Robert Gates, deputy national security adviser and CIA director-designate said last month. Given Mr Saddam's apparent staying power, US officials acknowledge that this could mean sanctions continuing indefinitely – though other UN Security Council members have indicated they would consider lifting sanctions if Iraq complies fully with resolution 678. The latest disclosures about Iraq's unconventional weapons are certain to be used as an argument for vetoing any move to lift the sanctions.

A US plan outlining measures to limit missile proliferation and curb conventional arms sales in the Middle East could play a useful role here. Despite a cool reception in the region, the US has won support from other big arms suppliers, including China, for the idea of a conference in Paris next month.

The problem is that the administration remains wedded to arms sales as an instrument of foreign policy. This encourages ad-hoc transfers – to the Gulf states for example – which arguably exacerbate regional instability.

Mr Bush and Mr James Baker, US secretary of state, are highly competitive politicians who do not like losing. Mr Bush's personal standing offers great scope for new initiatives, starting with the Arab-Israel conflict.

The administration's game plan is to lock all parties into a process out of which they cannot wriggle. It may take time, but it is a fair bet that in the coming weeks Washington will turn up the pressure against Israel. Any progress in the peace process would transform the picture in the Middle East - and Mr Bush knows it.

LETTERS

Circumstances of losses of Lloyd's Names

From Mr Philip Naydler.

Sir, I have heard from a number of Names and ex-Names in response to my letter in your May 1 edition, all of whom corroborate my experience of first hearing of the extent of 406 and 448 losses from Richard Lapper's article ("Lloyd's Names face £100m cash call", April 24).

In fairness to my agent, I had previously received an interim report of January 16 from 406, which was short on useful information. I have heard nothing from Syndicate 445.

Names should be given full details of the circumstances in which losses have arisen, both as to business category, the relevant underwriting year accounting for the loss, and whether the percentage of business ultimately undertaken in all categories was within the limits of the underwriters' authority.

This information should be distributed to Names in a clear, unequivocal statement, couched in terms understandable to them and endorsed by the Syndicate's auditors – it should be mandatory, implemented now, and there should be no economy of information.

One reads in the press of Lloyd's good intentions, possibly in this direction, but the ineluctable fact is that they would again be shutting stable doors after the departure of their equine occupants.

Philip Naydler,
West Ridge,
Primrose Way,
Bramley,
Surrey

Peculiarly northern economic answer

From David J Bassanese.

Sir, the "Liverpool Six" (Letters, June 7) have overlooked the fact that the north of Britain is more depressed than the south. Consistent with their arguments over the sovereignty of British monetary policy they should demand, in place of programmes of targeted fiscal assistance and structural reform, that the Bank of England issue a new northern currency in sufficient quantity to result in lower northern interest rates.

Indeed, this may temporarily stimulate growth in the region. However, it would also signal northern industry to stop trying to overcome the underlying causes of its particularly poor performance. As with British industry in general, it would continue to grant wage increases not matched by productivity and neglect investment in labour skills. It would then regularly call upon the Bank of "Northern England" to provide monetary infusions, soon dissipated through higher inflation and exchange risk premiums on regional interest rates.

Moreover, as no central bank has any idea any more what monetary indicators indicate, much less the impact and lags of their own policies, these monetary reactions would probably entail over-hang followed by over-kill no better than if left to the Bank of England or even the Bundesbank to decide.

Meanwhile, living standards would drop further as north/south exchange rate volatility discouraged some inter-regional specialisation through trade and swept more skilled labour into the zero-sum game of regional monetary policy speculation.

Of course all this would be supported by the "Liverpool Six" who would go on to note that as Scotland was even more depressed than the north of England, a third currency should be introduced.

David J Bassanese,
33 Rue de Sèvres,
Paris

Tales of bank mortgages and of commission rates

From Mr A G Fleming.

Sir, May I take the liberty of asking you to let me reply to comments made by the chairman of Barclays Bank on the Today programme (June 13). He claims that there is too much gossip and not enough fact in the papers on the subject of banks and lending rates, and that Barclays has matched base rate movements exactly.

I detail below the mortgage interest rate charged by Barclays as compared with the changes in the base interest rates.

Are the property owners of Britain also considered "high risk" by our friends in the high street banks?

A G Fleming,
director,
MRC Reporting Services,
Canterbury House,
393 Cowley Road, Oxford

Base Rate		Barclays Mortgage	
Date	%	Date	%
Pre-8/10/90	15.00	–	15.7
8/10/90	14	1/11/90	14.75
13/2/91	13.50	–	–
27/2/91	13 00	–	–
22/3/91	12.50	2/4/91	14.00
12/4/91	12.00	–	–
24/5/91	11.50	1/6/91	13.20
–	–	1/7/91*	12.70

*Promised

From Mr Rolf Fyne.

Sir, I must concur with Mr Cannings' near rage (Letters, June 10) with Lloyds – or, indeed, British banks as a whole – on punitive commission rates. One would think we live on an island somewhere.

Let me advise Mr Cannings. Never change money in the UK. Always do it at German railway stations, or, indeed, at any German bank. There you can empty your wallet of a mix of dollars, assorted francs, pounds, guilder, lira, all at once and enough for the taxi to the airport, or more serious money, and get charged DM1 (I mean about Ecu 0.5) commission. Their buy and sell spread is better too.

If there ever was a case for a single currency, this must be it. Besides, it would be one less opportunity for our banks to display the indelicate avarice to which, judging by recent correspondence, they have become increasingly prone. My concern would be, however, that Mr Cannings' small businessman would end up with even less enjoyable margins over base.

However, I would enjoy an explanation for our insularity. Is there room here for another marvellous joint FT and EC inquiry along the lines of the long-distance telephone overcharging scandal?

My answer to it all is to have free Channel Tunnel travel. Then some real shifts in competitive stance may be seen.

Rolf Fyne,
3-5 London Road,
Reading, Berkshire

Which schools are prisons?

From Mr Peter Robinson.

Sir, In his article "Prisons for pupils" (June 11), Joe Rogaly noted the existence of a few "excellent" comprehensive schools, but condemned many for being "mere daytime prisons for bored children".

I should like to ask Mr Rogaly to list the names and addresses of all the comprehensives he has visited in the last, say, five years, along with the objective criteria by which he has judged them to be either "excellent" or "prison-like". In the absence of such a list and such criteria I could only assume that his comments were based on ill-informed prejudice.

Britain's education system is certainly troubled, but unfortunately there is too little hard data or research to prove that "standards" are either rising or falling, or what the causes might be.

Debate should surely be based on the data and research that does exist and should not be reduced to simplistic diatribe.

It is sad to see a newspaper of the quality of the Financial Times publishing such a contribution.

Peter Robinson,
John Adams Hall,
15-23 Endsleigh Street,
London WC1

The subsidies that create a farming museum

From Mr Richard W Stevenson.

Sir, I was impressed by the impudence of your article, "Wringing a bare living from Wordsworth country" (May 29). Rarely can the extent of subsidies to British sheep farmers have been more eloquently exposed.

Evidently Mr Wilson of Glencoyne, in the Lake District, receives *only* £26.37 per ewe in subsidy. As he runs about 3,000 ewes his subsidy is *only* about £80,000 per annum. Mr Wilson concedes this is about 60 per cent of his income – which must therefore be about £130,000.

Doubtless Mr Wilson is an efficient farmer and his continued existence as a Lakeland farmer is vital to the national interest (as your article suggests). Nevertheless, he and all other British farmers are living well off the consumer and the taxpayer.

No other industry could dream of receiving such an absurd and damaging distortion to market forces.

Compared with New Zealand or Australia, Britain's farmers are cosseted wimps. In New Zealand, progressive withdrawal of subsidies has caused great hardship to farmers but has also encouraged greater efficiencies and returned land prices to sensible levels, to the benefit of other parts of the community and the economy.

Your article suggests that subsidies are necessary to avoid the Lakeland being turned into a museum. On the contrary, it is subsidies which maintain farming as a museum.

Richard W Stevenson,
1 Kent Drive,
Harrogate,
North Yorkshire

A formula for pensions at 70

From P G Moore.

Sir, Surely Mr Ralph Instone (Letters, June 12) is merely advocating an immediate rise in the pension age to 70. If he wants to phase in the rise in pension age more gradually, he needs some form of formula such as "pension age rises by six months each year until it reaches the age of 70".

This formulation would mean that all those now aged 60 or below would have to wait until 70 for their pension, while those now aged between 60 and 65 would receive their pension at intermediate ages between 65 and 70.

P G Moore,
London Business School,
Sussex Place, NW1

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

UK COMPANY NEWS

Cambridge Elec bids for Tace

CAMBRIDGE ELECTRONIC yesterday emerged as a bidder for Tace, the environmental control equipment group where institutions led by the Norwich Union are trying to remove the board, writes Richard Gourlay.

The shares element of the bid from the small electronic engineering company values Tace at 256p per share or £25m, and its 51 per cent controlled subsidiary, Goring Kerr, at 226p or £9.6m.

A full cash alternative for the Tace shares, which has been fully underwritten, is worth 221p, some 18p above the market level before the bid was announced and 4p below when the market closed.

Mr Jock Mackenzie, the founder and former chairman of Tace, has given an irrevocable agreement to sell his 21 per cent stake, and the Tace board had recommended shareholders accept the offer.

The bid comes just before an extraordinary general meeting next Wednesday called by the Norwich Union to unseat the current board led by Sir David Nicolson.

Mr John Jackson, the Cambridge chairman, said he had not sought a recommendation from the Tace board as he had not wanted to to become involved in the struggle between the institutions and the company.

Mr Mike Sandland, the chief investment manager at the Norwich Union, said he would wait to evaluate the offer until after the vote on a new board was installed at the EGM on Wednesday.

The offer includes five new ordinary Cambridge shares for every four ordinary Tace shares held and 11 new Cambridge shares for every 10 Goring Kerr shares.

Mr Jackson said Cambridge had been looking at Tace for three years but only recently, following some disposals, had it arrived at a position to contemplate a bid.

Mr Paul Lester, the chief executive, said Cambridge had been allowed a close look at Tace's operating companies, its competitors and its customer base. He was convinced the merger would lead to an increase in earnings per share at Cambridge despite a temporary rise in gearing back to about 66 per cent on £20m of debt.

Cambridge's shares rose 11p to 205p on news of the bid.

A dusting off for institutional investors

Richard Gourlay on Norwich Union's battle with the Tace board

IT HAS NOT been an easy few weeks for Norwich Union and the normally elusive institutional shareholders who are now striding uncharacteristically into the limelight to champion the cause of good corporate governance.

Yesterday's bid for Tace from Cambridge Electronics adds an additional twist but has in no way reduced the amount of vitriol flying between Norwich Union and the Tace board it is trying to remove.

The decision to push ahead with the extraordinary general meeting next Wednesday to remove the board is consistent with Norwich Union's position that it has lost confidence in the board. The board's recommendation of the Cambridge bid yesterday was therefore not worth the paper on which it was written, Norwich said.

The focus of this lack of confidence is Sir David Nicolson, the Tace chairman who came in at the eleventh hour after the institutions had finally forced Mr Jock Mackenzie, the company's founder, to quit in January this year.

A former chairman of BTR, from 1969 to 1984, and British Airways at the time of the BOAC/BEA merger, Sir David believed Norwich Union had overplayed its hand in picking Tace as a demonstration of its renewed interest in good corporate governance.

He accused Mr Mike Sandland, Norwich Union's chief investment manager and the chairman of the Institutional Shareholders Committee, for picking Tace because of its conveniently small size. He questioned whether institutions should ever be in a position to dictate what goes on in industry.

"Men like Sandland have spent their entire life in Norwich Union, have never been in industry and should not control industrial companies in this way," said Sir David.

He felt Norwich had been particularly heavy-handed as it had approved his appointment at the annual meeting in March and his plan to turn Tace around.

Only after the annual meeting did Norwich Union demand that Mr Michael Beckett, its choice as a replacement for Mr Mackenzie, should become deputy chairman, Sir David said.

Mr Beckett, by then a non-executive director, started demanding that Ernst and Young conduct a full operational audit of the group ahead of a rights issue connected with the restructuring plan.

The industrialist and the institutional investor: Sir David Nicolson, left, and Mike Sandland

Sir David said an audit was inappropriate at that stage, having toured the operating companies in the US where 70 per cent of the group's profits were generated. He put his foot down and said that it was the chairman's role and not the institutions' to take such decisions.

Cambridge yesterday also said that it had spoken to the auditors of Tace's US operating companies and believed their reporting systems were satisfactory.

Mr Sandland said Norwich continued to insist on the board changes, including the removal of Sir David, because Tace's "total lack of co-operation" had forfeited any confidence they might have had in the board at the time of the annual meeting.

The fact that Mr Bob Morton, a Tace director since last month, was selling shares from his family-controlled trust yesterday reinforced Mr Sandland's lack of confidence.

He said the last thing he wanted to do was stand in the way of a fair offer but Norwich would not believe the Cambridge bid was fair on the back of the Tace board's recommendation.

On the broader issue of corporate governance, Mr Sandland said Norwich called for the EGM to unseat the Tace board in "utter desperation". Normally they would exercise "interested ownership" by working behind the scenes.

Nevertheless, Mr Sandland said he had a wider interest than Tace. He was trying to breathe life into the Institutional Shareholders Committee, an organisation he said was a "dessicated, dust covered organisation" for much of the time since it was set up in the early 1970s.

"Never mind that it (Tace) is a small company, it is going to send ripples right through the corporate fabric," he said. "People are going to realise that institutions do sometimes mean business when they say something."

Unless one side blinks, this unseemly chapter is likely to reach a show-down next Wednesday at the Tace EGM.

Sketchley losses mount to £5.26m

By Michiyo Nakamoto

YEARS OF mismanagement continued to plague Sketchley, the dry cleaning and textile services group, last year as it underwent a massive reorganisation programme in a bid to ensure its survival.

Losses for the year to March 29 mounted from £2.01m to £5.26m as turnover fell 17 per cent to £157.92m (£191.27m).

Mr David Davies, who became chairman in August, said the group had been "in an extremely critical condition," with trading losses increasing on a month-by-month basis.

"Accounting policies were imprudent and financial discipline non-existent," he said. The financial strain of being 200 per cent geared on top of that meant that the company was close to breaching its own borrowing limitations.

The remaining dry cleaning and textile services businesses made profits of £4.89m (£9.8m), cut by exceptional charges from restructuring of £4.01m (£5.48m) and interest costs of £6.15m (£6.33m).

The group closed several divisions and shed more than 10 per cent of staff. It disposed of Mellordata, its computer sales division, its vending machine and cleaning and executive catering divisions. Write-offs and provisions resulted in an extraordinary charge of £11.52m (£6.63m).

The loss per share was 6.9p (3.3p) and there is no dividend.

● COMMENT

It is not so long ago that Sketchley's survival as an independent entity was seriously questioned. The 5p rise in the share price yesterday after a set of results that are dismal by anyone's standards indicates the extent of relief felt in the City at signs that there is hope for recovery at Sketchley. The move to less extravagant headquarters reduced those costs by about half and ongoing central costs have been cut by 40 per cent. Environmental claims against certain of its US subsidiaries and possible legal action in the UK leave a slightly bad aftertaste. But forecast profits of £6m this year puts the shares on a prospective multiple of 10, which, given the potential for further recovery, leaves some scope for a rise.

£80.7m exchange gain helps cut MCC profit shortfall to 5%

By Raymond Snoddy

MR ROBERT MAXWELL yesterday announced his final financial results as chairman of Maxwell Communication Corporation – pre-tax profits of £145.5m, a fall of 5 per cent after allowing for an exceptional profit last year of £19.2m.

Mr Maxwell said profits were down because he had refused to sell non-core media businesses at unsatisfactory prices, while the sale of Pergamon to Elsevier which will reduce MCC debt by around £400m was completed after the balance sheet date.

"I am going out on a high only so far as my strategy, which has taken a clapped out printing company ten years ago and turned into one of the top media companies," Mr Maxwell said before flying off to Wyoming for the wedding of his son Ian.

In July, Mr Peter Walker, the former Welsh secretary takes over as chairman of MCC.

Sales for the year to March 31 1991 totalled £996.9m (£1.24bn), while operating profits – before exceptionals – came to £200.2m (£261.2m). Earnings per share were 15.3p (20p), but the dividend has been held at 15p.

MCC results reflected a net foreign exchange gain of £80.7m and a low 14 per cent (20 per cent) rate of taxation.

"Unlike some other media tycoons we have not been visited by our bankers and we are under no pressure from the banks," said Mr Maxwell who paid during the financial year the $1bn short-term loan out of the $3bn borrowed to buy Macmillan, the US publisher, and Official Airline Guides.

Mr Maxwell said, however, that because of the company's low dependence on advertising revenue, MCC businesses were performing well in difficult circumstances and it was well positioned for an upturn. The company was well on its way to reducing gearing to a 1 ratio in this financial year.

See Lex

Chloride flattened to £5m

By Andrew Bolger

CHLORIDE GROUP, which recently disposed of its former core UK battery business to concentrate on electronics, yesterday announced a slump in pre-tax profits and the resignation of a director.

The director, Mr Peter Regnier, who was in charge of power electronics, had lost some of his responsibilities to Mr Harold Musgrove, who was responsible for industrial batteries until that division was disposed of in March for £43.5m to Hawker Siddeley.

Mr Musgrove then took charge of power supplies and emergency lighting, which formerly came under Mr Regnier. Mr Roger Holmes has assumed responsibility for power electronics in addition to his existing responsibilities for the international group and as corporate operations director.

Pre-tax profits fell from £12.8m to £5.1m in the year to March 31 on turnover down from £298.8m to £215.6m. Sales of continuing operations fell from £134.6m to £117.7m.

There was a loss of 0.9p per share (earnings 0.8p).

Chloride blamed the results on recession in most of its main markets and disruption caused by the Gulf war. Its power supplies and lighting businesses were particularly affected, especially in the second half. Electronics recorded a small loss in the second half.

Costs were being cut to a level appropriate for a smaller business. Head office staff numbers had already been cut, from 120 to about 60, and would be halved again.

Shareholders will be asked at an agm on July 31 to approve a capital reduction, which would enable dividends to be paid out of future income.

Brown Shipley tumbles into red

By David Lascelles, Banking Editor

BROWN SHIPLEY Holdings, the merchant banking group, tumbled from a profit of £7.5m to a £3.34m pre-tax loss in the year to March 31 as the UK recession took its toll.

The final dividend is being cut to a proposed 5p (7.5p) for a reduced total of 8p (12p).

Much of the reverse was due to the group's involvement with the smaller-sized company market which had been hardest hit by the downturn.

The bulk of the loss occurred on the investment management and stockbroking side which lost £2.51m (profit £851,000). There was a £1.92m (nil) exceptional loss to cover reorganisation and redundancy costs, though annual savings of £2m will result.

Merchant banking made a loss of £46,000 (profit £6.35m). There were £3m of provisions on the £200m loan book. Both corporate finance and leasing also suffered, though private banking did well. A cost reduction programme is under way here as well.

The strongest performer was insurance broking which earned £5.81m (£4.8m).

For the first time, the group made full disclosure of its inner reserves, which amounted to £4.12m.

Spurs fans call on League to block Maxwell move

By Jane Fuller

SHAREHOLDER fans of Tottenham Hotspur, the debt-laden London football club, have called on the Football League to bar any attempt by Mr Robert Maxwell to gain a significant stake in the club.

Tottenham Independent Supporters Association, which is backing the proposal from Mr Alan Sugar, chairman of Amstrad, and team manager Mr Terry Venables, said it was considering taking legal advice on whether the Football League could be forced to rule out a Maxwell bid.

Mr Sugar and Mr Venables have pointed out that League rules appear to bar Mr Maxwell from moving on Spurs, even if he has sold Derby County, because of his interests in Oxford United and Reading.

Football League regulation 86 says that no one can hold more than 10 per cent in a club if they already have an interest in another club. The management committee can waive this, but has not yet done so.

Mr Maxwell has made no formal approach to either the Tottenham board or the Football League. But his apparent plan to move on Tottenham has been trumpeted in the Daily Mirror. A poll of Spurs fans in The Sun, however, found 5,205 in favour of Mr Venables and 236 for Mr Maxwell.

TISA complained that a revival of the Maxwell rights issue plan would enable Mr Irving Scholar, the largest shareholder, to stay at the club. They blame him for many of Tottenham's woes.

Meanwhile, Tottenham has strengthened its board with the appointment of Mr David Buchler as joint chief executive. Mr Buchler, a chartered accountant and financial consultant, worked on the business plan accepted by Midland Bank this week.

Brent Walker banks agree rescue package

By Andrew Bolger

All 47 banks supporting Brent Walker have now agreed in writing to a rescue refinancing package, which leaves the way clear for the leisure group to receive an advance of £20m in working capital early next week.

The money will not be released until all holders of the group's £101.8m convertible capital bond have signed the agreement, reached early on Thursday morning, but which could not be confirmed last night.

Brent Walker shares closed 3p higher at 29p.

If the bondholders do sign up, the banks, which are owed £1.3bn by Brent Walker, are also likely to proceed with a restructuring of the group, which would allow it to continue trading its pubs and William Hill bookmaking activities, while disposing of leisure complexes.

NEWS DIGEST

Cohen falls to just above £2m

THE WORSENING recession hit A Cohen & Co in 1990, resulting in its pre-tax profit falling from £3.51m to £2.03m.

Turnover of the group, which makes non-ferrous metal ingots and reclaims and trades recyclable materials, fell to £88.83m (£104.62m) and inadequate margins were eroded even further, especially in the aluminium market.

An improvement in demand might be delayed beyond the end of the recession, the directors warned, so prospects for the rest of 1991 were "not encouraging".

Earnings per share dropped to 43.5p (114p) and the dividend is held at 23.1p with a final of 16.5p.

Wilding £0.4m in red at midterm

Amid difficult trading conditions, losses continued at Wilding Office Equipment in the half year to March 31, albeit at a reduced rate. A pre-tax deficit of £384,000, compared with a profit of £729,000 for the same period of the previous year and a £585,000 loss for the year ended September 30 1990.

Interest took £387,000 (£199,000). After a tax credit of £121,000 (£264,000 charge), losses per share were 1.5p (2.9p earnings). Following the omission of last year's final dividend, no interim pay-out has been declared (1.8p).

Turnover fell 10 per cent to £27m.

Venture Plant sees loss soar to £1.8m

Venture Plant Group continued in loss in the six months ended March 31 1991, and at a much greater rate than previously.

The pre-tax deficit came to £1.77m, compared with £241,000 and with £1.15m in the whole of 1989-90. Loss per share was 7.4p (1p).

An attack on the gearing level, through surplus plant disposals and the sale and leaseback of the Maidstone branch, led to bank borrowings being cut to £3.91m, against £6.2m at the end of last September.

Phoenix Timber deficit at £2.4m

Phoenix Timber finished the year ended March 31 1991 with a loss of £2.42m, following the warning given in April. The previous year's profit was £656,000.

Turnover fell from £70.41m to £55.56m, and generated an operating loss of £425,000 (profit £3.12m). Added to that were interest charges of £1.99m (£2.46m).

Loss per share came to 14p (earnings 4p). No final dividend is being paid, leaving the 0.5p interim as the year's payment (2.75p).

Kleinwort Charter assets pick up

Over the six months to May 31 1991 net asset value at Kleinwort Charter Investment Trust had recovered to 184.6p, from 157.8p. On May 31 1990 it had stood at 190.3p.

Of the portfolio, some 70 per cent was invested in the UK, 14 per cent in the US, and 9 per cent in Europe.

In the half year, gross revenue was £4.08m (£4.49m) and earnings per share 2.66p (3.03p). Last year earnings were artificially high because of excess liquidity and the record level of interest rates.

The interim dividend is lifted to 1.25p (1.2p).

Peter Cox at £0.9m in first set of results

Peter Cox, the building preservation specialist, has produced its first figures since the management buy-out from John Mowlem.

For the 56 weeks to December 29 1990 turnover came to £34.3m and generated a pre-tax profit of £933,000. There were no direct comparisons although internal management accounts pointed to advances of 4 per cent and 7.5 per cent respectively.

Mr John Wilson, chairman, said he expected 1991 profits to show improvement. During the year he anticipated a partial refinancing to gain a broader base of institutional investors, to reduce gearing, and fund development and acquisitions.

Firstland Oil falls £3.39m into loss

Firstland Oil and Gas, the USM-quoted exploration and production company, fell £3.39m into the red during 1990. There were pre-tax profits of £74,000 in 1989.

The result was struck after an exceptional loss of £2.8m (£480,000 profit). Losses per share amounted to 15.42p (earnings 0.41p).

20% increase for Craig & Rose

Craig & Rose saw its pre-tax profit rise by 20 per cent in 1990 from turnover ahead just 3 per cent.

The group makes paint and varnish, and merchants wallcoverings. Profit came to £126,000 (£105,000) and turnover to £5.59m (£5.42m).

The final dividend is 13p for a total of 15p, against 13.75p. Earnings per share worked through at 21.75p (16.5p).

MMEC subsidiaries set for liquidation

Following talks with its bankers and other interested parties, Merchant Manufactory Estate Company is to convene meetings for the appointment of liquidators at two of its subsidiaries, MMEC Investments and MMEC Developments. Mr Peter Southall and Mr Simon Southall have resigned from the board as has Mr Jim Quy as company secretary.

The company has also requested suspension of its shares prior to prospective readmission to the USM.

A reconstruction is proposed which is likely to include a Scheme of Arrangement and a capital reorganisation. At the same time, MMEC is at an advanced stage of negotiations which may lead to the introduction of new trading interests.

Electrak rises 18% to £1.3m

Electrak Holdings, maker of cable and lighting management systems, raised pre-tax profits by 18 per cent from £1.1m to £1.3m in 1990. Turnover increased by 34 per cent to £10.37m, against £7.76m.

The company has acquired Netherlands-based Raak, which more than doubles its lighting interests and will provide access to newer markets.

High Gosforth Park improves to £37,000

High Gosforth Park, racecourse and golf course owner, improved its turnover from £925,000 to £1.1m and pre-tax profit from £21,000 to £37,000 in 1990.

After tax of £9,000 (£22,000) earnings per share were 31.1p (losses 1.8p), and the dividend is again 15p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Brown Shipley	fin	5	Aug 3	7.5	8	12
Century Oils	fin	4.25	-	4.25	6	6
Chloride	fin	nil	-	nil	nil	0.55
Cohen (A)	fin	16.5	Aug 12	16.5	23.1	23.1
Craig & Rose	fin	13	July 18	11.75	15	13.75
Crown Comms	int	nil	-	1.5	-	1.5
Heavitree Brew §	int	0.6	Aug 5	0.6	-	4.05☆
High Gosforth Pk	fin	15	-	15	15	15
Kleinw't Charter	int	1.25	July 31	1.2	-	4.8
Learmonth/Burch§	fin	nil	-	1.4	0.4	2.2
Maxwell Comm	fin	8†	Oct 2	8.5	15	15
Phoenix Timber	fin	nil	-	1.65	0.5	2.75
Sketchley	fin	nil	-	nil	nil	6.5
Utd Scientific	int	0.5	Oct 2	0.5	-	2
Wilding Office	int	nil	-	1.8	-	1.8

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Including special 1p payment.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	–	108	100	Aberforth Split Lev Inc10p	105		N9.0	–	11.4	–
100	F.P.	–	101	99	Do. Cap	99		–	–	–	–
–	F.P.	–	207	200	Do. Units 10p	205		–	–	–	–
§100	F.P.	–	107	101	Abtrust Preferred Inc. Tst.	106		N12.32	–	15.5	–
§102	F.P.	–	106¼	104	Do. Zero Div. Prf.	106¼	+½	–	–	–	–
‡	F.P.	–	185	185	Brockhampton 10p	185		–	–	–	–
‡	F.P.	–	33	33	Do. A Warrants 10p	33		–	–	–	–
‡	F.P.	–	145	140	Do. Non/Vtg. A 10p	145		–	–	–	–
100	F.P.	–	101	100	City Merchants High Yld	101		N7.5	–	9.9	–
100	F.P.	–	109	104	Contra-Cyclical Inc 1p	106		–	–	–	–
25	F.P.	–	27	22½	Do. Capital	26		–	–	–	–
50	F.P.	–	56¼	54¼	Do. Zero Div. Ptd. 50p	55½	+½	–	–	–	–
–	F.P.	–	½	¼	Gaelic Res. Wrnts.	½		–	–	–	–
†	F.P.	–	41	33	Globe Petroleum	34		–	–	–	–
Ir230	F.P.	–	245	217	Greencore Ir£1	218	–2	u06%	5.9	1.9	9.2
385	F.P.	–	335	297	Manchester United 10p	297	–7	–	–	–	–
†	F.P.	–	902	691	Manpower Inc. 1c	899	–3	–	–	–	–
125	F.P.	–	127	108½	Mirror Grp. Newspapers	109	–2	R6.55	1.7	8.0	9.8
100	F.P.	–	111	100	Moorgate Smaller Co's.	110½		M4.13	–	5.0	–
35	F.P.	–	39	36	Do. Warrants	37		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
‡	F.P.	-	107p	106p	Brockhampton N/V 9½pc Rd Prf 1996 £1	106p	
100	F.P.	-	100	97½	EE Finance 8¼pc Gtd. Exch. Bds. 2006	99¼	+¼
100	F.P.	-	103¼	98¼	RMC Capital 8¼pc Cnv. Bds. 2006	101	-¼
§100p	F.P.	-	111p	104p	Slough Ests 8¼p (Net) Cnv Rd Prf.	110p	
100	F.P.	-	103½	98¼	Tarmac 9½pc Cnv. Cap. Bds. 2006	98¾	+½

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
31	Nil	–	5pm	2½pm	Anglo United 20p	4½pm	
62	Nil	–	19pm	16pm	Blacks Leisure 50p	17pm	
44	Nil	–	5pm	4pm	Fairway (London) 5p	5pm	
140	Nil	–	15pm	2½pm	Granada Group	3pm	–3
75	Nil	–	7pm	3pm	Holmes & Marchant 10p	3pm	
100	Nil	–	30pm	25pm	Jarvis Porter 10p	26pm	
20	Nil	–	2½pm	2pm	Lon. & Assoc. Inv Tst 10p	2pm	–½
33	Nil	–	12½pm	9pm	Merchant Retail 10p	11pm	
11	Nil	–	1pm	¼pm	‡Mount 10p	¼pm	–¼
35	Nil	–	4pm	2pm	Owen & Robinson 1p	2pm	
115	Nil	–	30pm	16pm	Pendragon	30pm	+4
170	Nil	–	25pm	15pm	Scholl 5p	15pm	–2
300	Nil	–	91pm	83pm	Smith (W H) A 50p	83pm	–1
150	Nil	–	24pm	17pm	Stanley Leis.	17pm	
55	Nil	–	11pm	5pm	Trade Indemnity	5pm	
130	Nil	–	19pm	14pm	Westbury 10p	14pm	–1
25	Nil	–	½pm	¼pm	‡Westminster Scaffolding 10p	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. ¶ Placing price. †† Reintroduction. ‡ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings June 10
- Last Dealings June 21
- Last Declarations Sept. 12
- For settlement Sept. 23

For rate indications see end of London Share Service

Calls in Doctus, Ivernia West, NSM, Oliver Res., Owners Abroad, Trafalgar House and Tuskar Res.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 13.06.91: Pool purchase price £/MWh	Final Prices for Trading on 12.06.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.01	16.51	16.51
0100	18.09	16.51	16.51
0130	16.80	16.51	16.51
0200	18.01	18.22	19.79
0230	18.03	18.22	19.79
0300	18.01	18.22	19.79
0330	18.09	16.51	16.51
0400	18.09	16.51	16.51
0430	18.09	16.51	16.51
0500	16.09	16.51	16.51
0530	18.05	16.47	16.47
0600	16.05	16.47	16.47
0630	16.05	16.50	16.50
0700	18.05	16.50	16.50
0730	18.18	18.33	19.92
0800	18.58	19.12	20.73
0830	19.31	19.30	20.91
0900	19.31	19.41	21.02
0930	20.30	21.57	23.25
1000	20.98	21.57	23.24
1030	20.98	21.57	23.24
1100	20.98	21.57	23.24
1130	20.98	19.73	21.35
1200	20.98	19.41	21.02
1230	20.30	19.41	21.02
1300	20.30	19.30	20.91
1330	19.31	19.01	20.61
1400	18.63	18.57	20.16
1430	18.63	18.34	19.93
1500	18.63	20.98	22.64
1530	18.63	20.98	22.64
1600	18.63	18.34	19.93
1630	18.63	18.34	19.93
1700	18.63	18.34	19.92
1730	20.98	18.34	19.92
1800	20.98	18.34	19.92
1830	20.98	18.34	19.92
1900	20.00	18.34	19.92
1930	18.61	18.34	19.92
2000	18.58	18.34	19.92
2030	18.58	16.49	16.49
2100	18.37	16.49	16.49
2130	18.37	18.34	19.92
2200	18.37	18.34	19.92
2230	18.37	22.38	24.11
2300	18.37	18.27	19.86
2330	18.37	18.27	19.86
2400	18.37	18.27	19.86

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

مكتبة من الأصل

ECONOMIC DIARY

TODAY: Welsh Conservative Party ceference in Swansea.
TOMORROW: National Savingsresults (May).
MONDAY: Retail sales (May-provisinal). Start of two-day meetig of the European Commuity general affairs council in Luxembourg. Protestant and Catholic politicians from Northern Ireland begin face-to-face talks in Belfast for the first time since 1974. Antartic treaty conference in Madd (until June 23). The basis of allocations for the share offers by the Scottish elecicity companies will be annonced. BAA results.
TUESDAY: Finished steel consumtion and stock changes (fouth quarter). Index of outputof the production industrie (April). Public sector borrowing requirement (May). US hosing starts (May). European Community internal market council meets in Luxembourg (until June 19). Dealins expected to start in Scottin Electricity company sares. Equal Opportunities Cmmission annual report. Office of Water Services 1990 anual report.
WEDNESDAY: New construcon orders (April-provisional). S merchandise trade (April). onference on security and o-operation in Europe forign ministers meeting in Berlin (until June 20). Financial Times holds two-day conference "The market in asset-backed securities" at Hotel Inter-Continental in London.
THURSDAY: Major British banking groups' monthly statement (May). Provisional estimates of monetary aggregates (May). Mr Boris Yeltsin, Russian president, expected to meet Mr George Bush, US president, in Washington. European Community transport council meets in Luxembourg (until June 21). International Caribbean conference at Florida International University, Miami.
FRIDAY: US monthly budget statement. European Community/East Europe environment ministers meeting in Prague. Mr Charles Haughey, Irish prime minister, and Mr John Major, prime minister, are expected to meet in London. Royal Institute of International Affairs/The Economic and Social Research Council hold conference in London on UK companies and the globalisation of business.

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Friday June 14 1991: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Thu Jun 13 Index No.	Wed Jun 12 Index No.	Tue Jun 11 Index No.	Year ago (approx) Index No.	1991 High	1991 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (186)	832.18	-0.1	10.93	5.82	11.25	15.96	833.16	834.65	844.93	915.50	890.04 15/3	675.31 16/1	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (24)	1058.78	-0.1	9.88	5.86	12.64	22.01	1059.95	1064.98	1075.96	1141.65	1167.75 14/3	911.64 16/1	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (31)	1275.30	-0.7	8.99	6.33	14.63	31.17	1284.43	1298.45	1305.78	1437.63	1438.66 15/3	1051.83 23/1	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (10)	2396.61	+0.1	10.96	5.59	11.62	61.85	2395.14	2402.85	2407.08	2636.77	2495.28 3 /4	1837.98 22/1	3040.80 8 /9 /89	84.71 25/6 /62
5	Electronics (25)	1743.36	+0.3	8.94	5.16	14.89	7.81	1737.71	1735.37	1752.95	1903.19	1958.19 15/3	1478.08 16/1	2308.22 19/5 /89	1229.01 8 /10/85
6	Engineering-Aerospace (8)	420.59	-0.3	16.59	5.96	7.25	10.60	422.06	425.05	432.73	496.92	469.23 9 /4	380.48 16/1	502.42 13/6 /90	380.48 16/1 /91
7	Engineering-General (47)	450.96	+0.2	12.24	5.79	9.89	8.73	450.01	449.40	451.48	505.10	468.00 5 /4	339.57 23/1	505.10 15/6 /90	339.57 23/1 /91
8	Metals and Metal Forming (8)	464.62	-0.3	19.47	7.44	6.32	2.31	465.93	463.48	464.54	499.49	509.18 3 /4	381.44 16/1	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (13)	332.08	+0.6	11.96	7.31	9.86	9.98	330.05	329.48	334.01	379.45	360.54 14/3	266.43 16/1	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (20)	1523.82	-0.4	9.25	5.27	12.72	32.53	1529.21	1529.13	1563.88	1670.01	1589.92 4 /4	1147.76 16/1	1881.53 18/8 /89	277.55 15/1 /81
21	CONSUMER GROUP (188)	1485.71	+0.6	8.00	3.67	15.37	20.13	1476.42	1481.73	1490.47	1325.73	1490.47 11/6	1188.45 16/1	1490.47 11/6 /91	61.41 13/12/74
22	Brewers and Distillers (22)	1829.60	.....	8.68	3.63	14.03	27.26	1830.58	1833.86	1849.73	1624.16	1849.73 11/6	1478.24 25/1	1849.73 11/6 /91	69.47 13/12/74
25	Food Manufacturing (20)	1168.36	+0.2	9.81	4.24	12.56	21.35	1166.20	1168.36	1177.61	1114.80	1210.94 5 /4	1013.60 16/1	1220.42 4 /9 /89	59.67 11/12/74
26	Food Retailing (16)	2736.75	-0.1	7.96	3.06	16.50	30.32	2739.03	2739.50	2751.31	2492.35	2854.91 2 /5	2259.53 2 /1	2854.91 2 /5 /91	54.25 11/12/74
27	Health and Household (21)	3540.96	+2.3	5.42	2.43	21.07	29.05	3460.93	3490.67	3506.94	2621.92	3540.96 14/6	2454.93 16/1	3540.96 14/6 /91	175.38 28/5 /80
29	Hotels and Leisure (23)	1292.99	-0.2	10.14	5.36	11.71	23.57	1295.10	1301.81	1311.04	1508.72	1399.64 14/3	1066.91 25/1	1845.77 8 /9 /89	54.83 9 /1 /75
30	Media (26)	1435.84	+0.2	9.10	4.90	13.92	22.92	1433.16	1436.25	1441.39	0.00	1521.09 17/4	1166.91 16/1	1521.09 17/4 /91	1166.91 16/1 /91
31	Packaging, Paper & Printing (17)	700.18	+0.3	7.95	4.71	15.21	11.81	698.28	697.63	698.43	612.25	700.18 14/6	486.96 16/1	739.48 16/7 /87	43.46 6 /1 /75
34	Stores (33)	915.41	+0.4	8.45	4.02	15.48	13.06	911.88	915.05	920.98	841.56	934.99 15/4	766.89 29/1	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (10)	555.00	-1.2	9.65	5.63	12.80	11.43	561.75	559.95	556.89	505.37	563.46 3 /4	396.58 28/1	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (107)	1238.81	+0.2	9.94	5.16	12.34	13.71	1235.74	1236.99	1244.60	1212.88	1244.60 11/6	961.05 16/1	1244.60 11/6 /91	58.63 6 /1 /75
41	Business Services (12)	1245.50	+2.0	10.58	5.23	11.62	13.23	1221.36	1214.82	1219.15	0.00	1245.50 14/6	892.28 1 /2	1245.50 14/6 /91	892.28 1 /2 /91
42	Chemicals (21)	1389.50	+0.9	8.21	5.19	13.84	31.63	1377.65	1384.77	1393.65	1332.42	1401.95 5 /6	1004.01 16/1	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (10)	1483.12	-0.5	10.26	7.00	11.75	17.49	1490.81	1488.55	1507.78	1717.63	1626.42 14/3	1217.37 16/1	1819.46 11/8 /89	975.19 10/11/87
44	Transport (13)	2218.79	+0.1	11.02	4.70	11.20	36.17	2215.79	2218.18	2230.86	2303.59	2250.74 9 /5	1730.87 23/1	2554.69 12/7 /89	90.80 29/6 /62
45	Electricity (14)	1204.67	.....	11.51	5.54	10.89	0.00	1204.28	1207.90	1222.59	0.00	1250.49 5 /6	994.96 7 /1	1250.49 5 /6 /91	994.96 7 /1 /91
46	Telephone Networks (4)	1497.25	+0.1	9.94	4.07	13.16	0.00	1495.57	1489.27	1490.64	1217.28	1497.25 14/6	1085.95 16/1	1497.25 14/6 /91	517.92 30/11/84
47	Water (10)	2323.80	-1.1	17.11	6.48	6.48	39.69	2349.86	2376.71	2394.45	1977.97	2536.12 15/4	2134.83 16/1	2536.12 15/4 /91	1820.20 1 /5 /90
48	Miscellaneous (23)	1928.14	+1.0	5.99	4.93	21.42	41.50	1909.86	1920.03	1931.31	1840.47	1946.79 5 /4	1506.17 16/1	2087.06 11/7 /89	60.39 6 /7 /75
49	INDUSTRIAL GROUP (481)	1248.60	+0.4	9.20	4.57	13.36	17.29	1244.12	1247.12	1256.16	1201.88	1259.44 5 /4	991.97 16/1	1273.71 5 /9 /89	59.01 13/12/74
51	Oil & Gas (19)	2377.80	+0.4	11.41	5.76	11.53	50.59	2368.51	2378.93	2413.86	2309.57	2480.35 17/4	2101.45 21/1	2528.70 3 /8 /90	87.23 29/5 /62
59	500 SHARE INDEX (500)	1345.09	+0.4	9.48	4.72	13.09	19.93	1340.21	1343.78	1354.78	1295.36	1357.90 17/4	1092.04 16/1	1369.88 16/7 /87	63.49 13/12/74
61	FINANCIAL GROUP (97)	792.13	-0.4	-	6.02	-	19.69	795.46	793.26	797.22	809.82	859.94 15/3	667.36 16/1	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	881.78	-1.2	7.82	6.28	18.54	22.63	892.27	888.09	895.16	854.08	950.35 14/3	695.08 15/1	950.35 14/3 /91	62.44 12/12/74
65	Insurance (Life) (7)	1496.67	-0.3	-	5.53	-	41.64	1501.10	1487.97	1490.53	1436.39	1612.93 15/3	1220.74 16/1	1612.93 15/3 /91	44.88 2 /1 /75
66	Insurance (Composite) (6)	664.07	+0.5	-	6.60	-	20.23	661.06	657.96	659.92	707.03	728.27 15/3	572.52 16/1	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (8)	1130.41	.....	7.02	5.95	18.54	26.21	1130.38	1119.96	1122.19	1055.81	1202.38 5 /4	932.88 23/1	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (7)	426.33	-0.2	-	4.94	-	8.32	427.20	428.07	423.41	456.22	448.97 15/3	327.70 16/1	547.59 12/10/87	31.21 7 /1 /75
69	Property (40)	934.58	+0.4	6.70	5.16	20.64	16.45	931.16	939.17	947.91	1097.75	1087.65 15/3	926.54 16/1	1398.87 5 /9 /89	56.01 20/4 /65
70	Other Financial (20)	279.17	-0.4	9.33	6.71	13.31	5.24	280.32	281.24	280.57	301.02	298.63 15/3	236.37 16/1	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (70)	1222.03	+0.2	-	3.45	-	17.72	1219.59	1214.60	1219.19	1229.50	1224.06 10/5	947.19 16/1	1323.81 4 /1 /90	71.12 13/12/74
99	ALL-SHARE INDEX (667)	1211.83	+0.3	-	4.86	-	19.57	1208.74	1210.86	1220.12	1178.39	1232.32 5 /4	987.46 16/1	1238.57 16/7 /87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jun 13	Jun 12	Jun 11	Jun 10	Jun 7	Year ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2522.3	+7.7	2523.9	2516.0	2514.6	2520.2	2542.6	2511.9	2506.3	2392.3	2545.3 5 /4	1990.2 28/9	2545.3 5 /4 /91	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Jun 14	Day's change %	Thu Jun 13	Accrued Interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (29)	121.34	+0.07	121.61	2.28	4.99
2	5-15 years (28)	129.63	-0.07	129.71	2.38	6.11
3	Over 15 years (9)	135.42	-0.12	135.57	1.87	6.05
4	Irredeemables (6)	148.85	-0.10	149.00	1.62	6.35
5	All stocks (72)	129.18	-0.02	129.35	2.33	5.79
	Index-Linked					
6	Up to 5 years (1)	159.00	+0.07	158.89	0.30	2.72
7	Over 5 years (10)	146.10	+0.12	145.92	0.88	1.89
8	All stocks (11)	147.03	+0.12	146.85	0.86	1.91
9	Debs & Loans (56)	109.02	+0.03	108.99	2.01	4.85

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jun 14	Thu Jun 13	Year ago (approx.)	1991 High	1991 Low
	British Government						
1	Low	5 years	9.02	8.99	11.02	10.14 16/1	8.93 11/6
2	Coupons	15 years	10.11	10.09	10.69	10.24 2 /1	9.46 19/2
3	(0%-7¾%)	20 years	10.11	10.09	10.65	10.26 2 /1	9.53 14/2
4	Medium	5 years	10.45	10.43	11.97	11.15 2 /1	10.04 20/2
5	Coupons	15 years	10.36	10.33	11.13	10.62 2 /1	9.84 14/2
6	(8%-10¾%)	20 years	10.27	10.25	10.91	10.50 2 /1	9.78 14/2
7	High	5 years	10.63	10.61	12.08	11.25 2 /1	10.20 19/2
8	Coupons	15 years	10.51	10.48	11.38	10.80 2 /1	9.98 14/2
9	(11%-)	20 years	10.39	10.36	11.15	10.67 2 /1	9.90 14/2
10	Irredeemables	†	10.29	10.27	10.61	10.46 2 /1	9.83 14/2
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	4.28	4.32	5.25	4.33 12/6	3.59 18/1
12	Inflation rate 5%	Over 5 yrs.	4.29	4.30	4.15	4.30 13/6	4.09 18/2
13	Inflation rate 10%	Up to 5 yrs.	3.31	3.48	4.10	3.48 12/6	2.13 21/2
14	Inflation rate 10%	Over 5 yrs.	4.08	4.12	3.95	4.12 13/6	3.90 12/4
15	Debs &	5 years	11.91	11.91	13.93	12.63 9 /1	11.84 2 /4
16	Loans	15 years	11.69	11.69	12.92	12.38 18/1	11.61 4 /3
17		25 years	11.50	11.50	12.91	12.16 18/1	11.40 1 /3

‡Opening index 2520.8; 9 am 2523.4; 10 am 2521.0; 11 am 2520.4; Noon 2517.5; 1 pm 2517.1; 2 pm 2517.4; 2.30 pm 2518.8; 3 pm 2522.1; 4.10 pm 2522.2; (a) 9.04am (b) 1.40pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

LONDON TRADED OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allid Lyons (*554)	500	63	84	90	2½	8	13
	550	28	50	59	17	25	30
	600	7	24	36	48	53	58
ASDA (*105)	100	10	12	16	3	6	8
	110	4	6	11	7	13	14
	120	2	4	7	16	20	21
Brit. Airways (*172)	140	33	39	41	1½	2	4½
	160	16	23	27	3	8	10
	180	5	12½	16	13	16	20
Smkl Beecham A (*781)	750	48	71	90	8½	21	26
	800	19	42	61	32	43	50
	850	5	24	40	73	74	76
Boots (*397)	330	64	72	78	1	3½	5
	360	34	48	54	4½	8	12
	390	12	28	35	12½	19	23
B.P. (*334)	300	39	44	48	1½	4	7
	330	14	22	29	7	13	17
	360	3½	9½	16	27	30	34
British Steel (*135)	120	16½	17	17	2	3½	5
	130	9	10	12	5½	8	10
	140	2	4	6	13	14	15
Bass (*967)	950	-	-	95	-	-	43
	977	30	64	-	28	42	-
	1000	-	-	67	-	-	67
C & W (*547)	500	46	67	79	5	12	17
	550	15	37	50	23	32	37
	600	2½	17	30	63	65	68
Courtaulds (*402)	360	49	61	68	2	5½	9½
	390	25	39	48	7½	14	18
	420	8½	23	33	24	29	32
Com. Union (*491)	460	42	49	62	4	12	15
	500	15	26	38	20	31	34
	550	2½	11	18	60	65	67
Fisons (*494)	420	81	93	102	1	3	5½
	460	44	60	71	4	10½	14
	500	16	34	46	18	25	29
GKN (*359)	330	37	43	52	3½	11	13
	360	15	22	33	13	25	28
	390	4	12	20	34	44	46
Grand Met. (*771)	750	42	64	83	11	30	34
	800	16	38	54	39	53	58
	850	4½	20	34	79	87	90
I.C.I (*1291)	1250	77	105	141	21	48	54
	1300	46	80	114	42	72	75
	1350	26	57	88	72	97	102
Kingfisher (*499)	460	50	63	78	4	12	16
	500	18	38	55	15	27	32
	550	5	17	30	54	58	60
Ladbroke (*268)	240	31	40	-	1½	5½	-
	260	16	26	31	6	12	14
	280	6	15	22	16	23	25
Land Secur (*503)	460	50	-	-	1½	-	-
	500	18	35	45	10	15	21
	550	2½	13	22	50	50	52
M & S (*253)	240	19	28	33	4	5½	9
	260	6	15	21	11½	14½	17
Sainsbury (*374)	360	24	35	46	6	10	14
	390	7½	19	30	20	23	26
Shell Trans. (*513)	500	28	38	48	7	20	23
	550	4	12	23	40	47	50
Storehouse (*114)	110	6½	11½	14	5	8	10
	120	2½	7	9½	11½	14	16
Trafalgar (*256)	240	27	38	42	6½	13	19
	260	15	28	30	15	22	29

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Utd. Biscuits (*362)	360	15	26	35	10	17	21
	390	4	12	19	32	36	38
Unilever (*745)	700	58	82	98	4	10	17
	750	22	47	64	20	30	33
Ultramar (*287)	280	16	27	34	5½	12	14
	300	7	16	24	16	22	26

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
Brit Aero (*587)	550	58	70	85	8	17	22
	600	27	39	56	29	37	45
	650	9	21	34	65	70	75
BAA (*436)	390	49	59	-	4½	8½	-
	420	28	40	47	13	17	23
	460	10	20	27	38	40	46
BAT Inds (*723)	650	90	93	115	4	10	14
	700	51	60	82	15	26	30
	750	19	32	55	41	51	54
BTR (*395)	360	38	51	62	3	8	10
	390	25	33	43	11	19	23
	420	11	18	28	30	38	41
Brit. Telecom (*381)	330	56½	60	-	2	3½	-
	360	28½	36½	43	7	10	13
	390	9½	19	25½	21	23	26
Cadbury Sch (*353)	330	35	43	52	5½	8	12
	360	16	25	35	17	23	25
	390	6	13	21	40	43	44
Eastern Elec (*183)	180	11	15	20	13	16	17
	200	4	7½	12	28	30	31
Guinness (*985)	950	70	94	120	16	29	35
	1000	35	64	87	35	48	54
GEC (*193)	180	15½	18½	22	4½	6½	8
	200	4	7½	12	17	18	19
Hanson (*217)	200	19	25	27	3	5½	10
	220	7½	14	15	12½	15	20
LASMO (*327)	300	39	47	55	4	10	13
	330	17	30	37	17	22	27
Lucas Inds (*154)	140	21	24	27	3½	6	8
	160	7½	12	16	12	15	18
P & O (*572)	550	47	58	70	13	24	27
	600	20	31	44	40	50	55
Pilkington (*178)	160	18½	26	28	7½	11	13
	180	8½	16	19	19	21	25
Prudential (*237)	220	25	29	36	3½	6½	8½
	240	12	18	24	10	14½	17
Racal (*221)	220	13	22	29	12	15	18
	240	6	13	20	25	27	29
R T Z (*550)	550	30	43	58	20	30	35
	600	11	22	35	54	60	60
Scot. & New (*393)	390	20	30	37	17½	22	27
	420	7	17	25	39	42	45
Tesco (*278)	260	-	34	41	-	5½	8
	280	14	20	29	9½	13	15
Thames Water (*292)	280	16	24	29	10	15	18
	300	6	13	18	24	26	29

Option		Calls Jul			Puts Jul		
STC (*320)	280	-	-	-	¼	-	-
	300	-	-	-	¼	-	-

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Abbey Nat. (*274)	260	15	24	31	1	6	8
	280	3½	14	20	7	15	18
Amstrad (*65)	60	5	9½	12	1¼	3¼	4½
	70	1¼	4½	7	7½	9½	10½
Barclays (*432)	420	17	33	43	3½	19	27
	460	1½	14	25	30	42	46
Blue Circle (*242)	240	8	20	27	5	15	18
	260	1½	10½	18	20	27	30
British Gas (*250)	240	13	16½	22	2	8½	12
	260	2	6½	12	12	22	23
Dixons (*211)	200	14	22	25	2	7½	12
	220	3	10	17	10	19	21
Eurotunnel (*470)	460	26	55	74	13	35	36
	500	3	30	52	35	50	58
Glaxo (*1280)	1200	88	129	155	4	27	37
	1250	45	97	124	13	45	53
Hawker Sidd (*581)	550	35	65	75	7	22	31
	600	6½	35	49	31	47	57
Hillsdown (*228)	220	12	24	29	2	8	11
	240	2	13	18	14	17	21
Lonrho (*243)	240	8½	16	24	4	14	15
	260	1½	7½	15	20	27	29
Midland Bk (*211)	200	13	23	30	1	7	10½
	220	3	14	20	11	19	21
National Power (*142)	140	5	8	12	3	10	11
	160	1	2½	5½	19	26	26
Reuters (*824)	800	39	73	106	7	33	45
	850	11	48	75	32	57	67
R. Royce (*155)	140	16	21½	24	½	4	5½
	160	2	9	12	7	12	14
Sears (*78)	70	10	12	-	1	2	-
	80	2	5½	8	3½	5½	7
THF (*271)	260	12	22	30	2	6½	11
	280	3½	12	19	12	16	22
Thorn EMI (*739)	700	47	52	65	1½	22	29
	750	10	26	38	20	50	55
TSB (*147)	140	9	13	18	1	5	7
	160	1	4½	8	13	17	18
Vaal Reefs (*$66)	60	7½	11	14	1	5	7
	70	2	6	9	6	11	12½
Wellcome (*643)	600	47	74	87	3	16	23
	650	11	43	57	21	35	43

EURO FT-SE INDEX (*2522)

	2325	2375	2425	2475	2525	2575	2625	2675
CALLS								
Jun	205	155	107	62	28	8	3	1
Jul	221	177	132	93	60	35	20	9
Aug	241	-	154	-	87	-	38	-
Sep	256	-	170	-	108	-	56	-
Dec	309	-	231	-	168	-	114	-
Mar	353	-	285	-	230		172	-
PUTS								
Jun	1½	2½	4	9	24	54	98	148
Jul	9	14	20	29	46	70	102	141
Aug	16	-	28	-	56	-	107	-
Sep	19	-	35	-	62	-	108	-
Dec	35	-	55	-	85	-	131	-
Mar	60	-	77	-	108	-	142	-

FT-SE INDEX (*2522)

	2300	2350	2400	2450	2500	2550	2600	2650
CALLS								
Jun	232	182	132	85	42	15	3½	1
Jul	250	203	157	116	78	48	26	13
Aug	265	220	178	138	101	72	48	30
Sep	285	239	197	159	125	94	68	49
Dec †	323	-	246	-	178	-	118	-
PUTS								
Jun	½	1	2	4½	13	36	79	129
Jul	7	10	15	23	37	60	91	133
Aug	11	15	23	33	49	72	100	141
Sep	14	22	30	42	58	80	109	143
Dec †	28	-	52	-	85	-	133	-

June 14 Total Contracts 18,221
Calls 10,948 Puts 7,273
FT-SE Index Calls 2,186 Puts 2,024
Euro FT-SE Calls 1,357 Puts 914
*Underlying security price. † Long dated expiry mths
Premiums shown are based on offer prices.

INTERNATIONAL COMPANIES AND FINANCE

Axa and US insurer agree link-up

By William Dawkins in Paris and Nikki Tait in New York

AXA-MIDI Assurances, France's largest private insurance group, yesterday said it had an agreed in principle to take a large minority stake in Equitable Life Assurance Society, the third largest US insurer.

Mr Claude Bébéar, Axa's president, told analysts in Paris: "We have agreed with the Equitable people on a plan," but was awaiting the approval of the New York insurance commissioner.

Axa was contemplating an investment of around $1bn and wanted to become the largest single shareholder, though Mr Bébéar did not comment on suggestions that he was seeking a 40 per cent stake.

Unnamed US and Japanese investors were ready to invest alongside Axa, said Mr Bébéar.

If successful, the plan would allow Axa to fulfil its long-standing ambitions to buy a stake in the US market. These were frustrated last year when the French group's planned $4.5bn takeover of Farmers group of the US collapsed after Sir James Goldsmith's Hoylake consortium failed to take over Farmers' British parent, BAT Industries.

In New York, the State Insurance Department said it had not received a formal filing from the parties, and declined to comment on what discussions might have taken place.

However, it is understood that an initial outline set of proposals has been "reshaped" after comment from the department, although advisers to Axa claimed that the changes were more to do with legal issues, than with material matters.

Mr Bébéar's announcement confirms the seriousness of Axa's plans, coming a week after Mr Joe Melone, chairman of Equitable – unrelated to Equitable Life of the UK – told a conference in Cannes that Axa would be welcome in his group.

The groups started negotiating on February 15, and have submitted a fresh plan to the insurance commissioner after a first was rejected. Axa said it could take at least a year to complete Equitable's plans to turn itself from a mutual – owned by policyholders – into a shareholder-controlled company. This is expected to be preceded by an injection of fresh capital, to compensate for the sharp downturn in the value of Equitable's property and junk bond holdings. Axa is likely to be asked to contribute in the next few months.

At the end of last year, the French group had FFr8bn ($1.31bn) of cash, after a 23 per cent rise in net profits to FFr3.35bn. "All that we can say is that we are optimistic and that things are going well," said Axa.

Two years ago, Axa told Lazard Fréres, which was advising it on possible US acquisitions, that it wanted to buy a company with no life assurance involvement.

Skase fends off banks by declaring bankruptcy

By Mark Westfield in Sydney

AUSTRALIAN businessman Mr Christopher Skase, whose Qintex media and property group collapsed in November 1989 with debts of more than A$1bn (US$700m), has declared himself bankrupt to fend off proceedings by two banks for repayment of a $20.8m loan.

Mr Skase (pictured below) sought bankruptcy in the Brisbane Federal Court on Thursday, a day before his assets were due to be examined in the New South Wales Supreme Court by Wardley Australia and the state bank of NSW, which are seeking to recover their loans.

Although the banks had won judgment against Mr Skase in January for repayment of the money, Mr Skase later started proceedings to have the judgment set aside.

When Mr Skase's lawyers told the court yesterday their client had declared himself bankrupt the previous day, Mr Justice Rodgers dismissed the case brought by the banks.

In his statement of affairs to Mr Nevill Pocock, a trustee appointed by the court in Brisbane, Mr Skase claims personal debts of $172.5m, offset by assets consisting of books and clothing worth $5,000, cash of $167 in a bank account, plus worthless shares and convertible notes in Qintex.

Most of the debts owed by Mr Skase are personal guarantees he gave over borrowings by his companies.

One of the debts is for Y8.6bn (US$60.6m) to the Japanese group, Nippon Shinpan, a half-owner of the Mirage resort group developed by Mr Skase but later sold to the Japanese.

Mr Pocock is expected to meet creditors to decide whether it is worth their while pursuing their money.

Mr Skase has spent the past 18 months in Majorca, Spain, working for Mr Desmond Brooks, the architect, on a salary of A$2,000 a week.

BMW/Rolls-Royce unveils plan for east German plant

Paul Betts looks at a DM400m aircraft facility

BMW/Rolls-Royce, the new joint venture between the German car manufacturer and the UK aero engine group, will today announce plans to construct a DM400m ($223.4m) plant near Berlin, in what used to be East Germany.

The investment will include a development and testing facility to be completed by 1993, Mr Albert Schneider, chairman of the BMW/Rolls-Royce venture, said yesterday. An assembly line for a new family of commercial jet engines would come on stream by 1996, he said.

The companies, which teamed up last year in a joint venture 50.5 per cent controlled by BMW, are developing a new family of aero engines with thrusts ranging from 12,000 lbs to 22,000 lbs. The new range will power 100-130 seater regional jet airliners being planned by several aircraft manufacturers.

The new engines, known as BR700s, are aimed specifically at new jet aircraft planned by Deutsche Aerospace, the Daimler-Benz aerospace subsidiary, in partnership with Aerospatiale of France and Alenia of Italy.

However, Mr Schneider conceded that competition for the regional jet engine market was expected to be intense, with General Electric of the US and Pratt & Whitney in partnership with MTU of Germany also planning new engine products in the thrust range.

"The market is unlikely to be big enough for more than one producer," he said. But he felt the BMW/Rolls-Royce venture had taken a head start over the competition.

Mr Schneider said the development costs of the new engine family were DM1.3bn, including total investments of about DM1bn for new facilities between now and the end of the century. It also included the DM400m investment for the new plant at Dahlewitz, 30 km south of Berlin.

He confirmed the joint venture had already asked for funding support from the German government.

"It was always clear we would go to the eastern part because of the government's policy to help this part of Germany," he said.

The joint venture is expected to boost the number of engineers working on the new engine programme from 200 today to around 400 over the next three years. These would also include Rolls-Royce engineers. Mr Schneider also said that Rolls-Royce engineers working in the UK and remaining on the Rolls-Royce payroll would be involved on work for the new engine family.

Components for the new engine programme would also be made at the joint venture's existing plant near Frankfurt, and at Rolls-Royce facilities in the UK.

The new investment programme would eventually see the joint venture's workforce double from about 1,000 to about 2,000 people. The new plant near Berlin will eventually employ about 1,000, including the 400 engineers and blue-collar workers locally recruited.

The German investment plans have drawn some unid criticism in the UK, where Rolls-Royce is restructuring its commercial and military engine businesses, with proposed job cuts involving about 6,000 people.

Rolls-Royce officials at the Paris Air Show said yesterday the UK group would never have envisaged developing on its own a new regional jet engine programme. The BMW venture had offered the UK company an opportunity to add a complementary product to its aero engine range and additional work for Rolls-Royce factories in the UK.

BMW is also becoming a risk-sharing partner through the joint venture in both the Rolls-Royce Tay and Trent engine programme.

Mr Schneider said the joint venture marked the return of BMW to the aero engine business. He said the German luxury car group intended to concentrate on the civil aircraft engine business.

This, the company believed, would provide benefits for its core car manufacturing activities through the transfer of know-how in materials and electronic systems.

Deutsche Aerospace (DASA), the aerospace arm of Daimler-Benz, has agreed to take control of the former East German aircraft maintenance and components facility in Dresden.

This will involve the creation of a joint venture company called Elbe-Flugzeugwerke, 51 per cent held by DASA and with a balance owned by Treuhand, the agency charged with the privatisation of industry in eastern Germany.

But Mr Jurgen Schrempp, DASA's chairman, said his company planned eventually to take full control of the Dresden company, which employs about 2,000 people.

DASA plans to invest initially between DM20m and DM50m in the new venture, which will become the group's first aircraft production and maintenance facility in eastern Germany.

The Dresden plant is expected to manufacture components for Airbus and other DASA aircraft programmes, especially the family of 100- to 130-seater regional jets the company plans to build in partnership with Aerospatiale of France and Alenia of Italy.

Norway clears way for Elf to purchase Noco

By William Dawkins

THE Norwegian government has given Elf Aquitaine, the French state-controlled group, clearance to take over Norwegian Oil Consortium (Noco), the independent oil group, for NKr1.35bn ($193.5m).

The deal, backdated to January, will boost Elf's Norwegian production by 27 per cent this year, and comes at a time when production at the French company's biggest Norwegian asset, in the Frigg field, is drawing to an end. This represents "a significant contribution to total sales of oil and gas in the coming years", said Elf.

Noco, which used to be owned by a consortium headed by Mr Fred Olsen, the Norwegian shipping magnate, has activities in five blocks in the Ekofisk area, including production licenses for parts of the Valhall, Hod and Tor fields.

Elf's ambitions to increase its Norwegian operations were frustrated twice in 1986 and 1988 when Saga Petroleum, the country's biggest independent oil producer, rejected merger offers from the French company.

Chief replaced at Bang & Olufsen

BANG & OLUFSEN, the Danish audio equipment and television manufacturer has appointed Mr Anders Knudsen, 44, the group development, purchasing and production manager, as managing director from July 1, writes Hilary Barnes. He will replace Mr Vagn Andersen, who remains chief executive.

The company, which concluded a strategic alliance with Philips last year, is expected to report a substantial loss for the year ended May 31, after a difficult year in the US.

Volvo sells stakes in Saga

By Karen Fossli in Oslo

STATOIL, the Norwegian state oil company, announced yesterday it had paid NKr1.4bn ($203m) to acquire 12.5 per cent of the voting shares in Saga Petroleum, Norway's biggest privately-owned oil company, from Volvo Norge, a subsidiary of the Swedish carmaker.

The sale, which will return Volvo a profit of SKr1bn ($155m), is part of the group's strategy to sell off non-core operations in an attempt to strengthen its financial position.

Separately, Volvo in Sweden placed 5 per cent of Saga's voting stock with an unnamed buyer for an undisclosed amount. Volvo also plans to gradually divest 6.4m non-voting B shares and NKr120m worth of convertible bonds which it holds in Saga. However, it will retain 2.2m A shares.

These disposals, representing 17.5 per cent of the voting stock, leave Volvo with 2.3 per cent. Norwegian authorities are expected to approve the disposal soon.

Mr Per Gyllenhammer, Volvo's board chairman, said he expected that the transfer of the shares into Norwegian hands would be welcomed.

Statoil had to pledge to the board of Saga that it would not increase its Saga shareholding beyond 12.5 per cent, nor seek representation in any of the company's governing bodies.

Statoil recently changed its statutes to allow it to invest in Norwegian industry, and the Saga deal represents its first big investment. Before the deal, Statoil's share portfolio had stood at a modest NKr200m.

Brokers said that Volvo's disposal would remove uncertainty and and relieve pressure on Saga's share price.

Mr Harald Norvik, Statoil's president, said that the share acquisition in Saga was an important long-term investment. Saga said that it welcomed Statoil's move and that its board approved the sale.

In January, Saga's recoverable oil and gas reserves were estimated to be 145m tonnes. In 1990, the company boosted profits, before extraordinary items, to NKr1.16bn from NKr911m in 1989, helped by higher oil prices and increased production.

Coles Myer to redeem A$70m of Eurobonds

By Mark Westfield

COLES MYER, Australia's largest retail group, has decided to redeem early A$70.4m (US$53.3m) worth of convertible Eurobonds.

Under the terms of the bond issue, Coles Myer has the right to redeem the bonds if the company's share price trades at a 30 per cent premium to the A$7.80 conversion price for more than 20 business days.

Bondholders can be bought out at the bond issue price plus accrued interest, or choose to convert into shares at a 41 per cent premium – based on Coles Myer's closing share price yesterday of A$11.

The 9.5 per cent 10-year bearer bonds are the balance of a A$125m issue made by Coles Myer Finance International in July, 1987. About A$55m worth have been converted in the meantime.

Coles Myer said the company had decided to pay accrued interest when the bonds were converted rather than deny bondholders the next interest payment due on July 24.

The bondholders will also receive the final dividend on their shares after conversion.

Coles Myer will pay about $3.4m a year less in dividends than it would outlay in interest on the bonds and the conversion of the bonds would decrease gearing by more than 1 per cent.

● National Australia Bank has arranged a $1bn global medium-term note programme, writes Mark Westfield.

The facility will allow NAB to tap into European, US and Asian markets for funds with maturities ranging from nine months to 30 years.

A bank spokesman said NAB launched the facility about a fortnight ago to take advantage of encouraging market conditions.

Profits down 53% at Swedish chemical group

By John Burton in Stockholm

NOBEL INDUSTRIES, the Swedish chemical group, yesterday reported a 53 per cent drop in profits after financial items to SKr277m ($43m) for the first four months of the current year.

The decline was due to smaller capital gains of SKr74m on its share portfolio against SKr412m a year ago.

Financial costs also climbed to SKr639m from SKr452m.

Operating profits, however, rose by 49 per cent to SKr635m, while sales increased by 14 per cent to SKr8.1bn.

Although Nobel said it expected operating profits to advance for the rest of the year, it predicted profits after financial items in 1991 would be lower than last year's result of SKr1bn.

Matra in talks with Bosch group

By David White, Defence Correspondent

MATRA, the French defence and communications concern which last year pooled the bulk of its space activities with those of Britain's GEC-Marconi, is exploring wider European collaboration in space through additional partners including the Robert Bosch group of Germany.

Mr Noel Forgeard, chairman of Matra's defence and space division, said discussions were under way with the German company's specialised subsidiary ANT Nachrichtentechnik.

However, new partners would not become shareholders in Matra Marconi Space, the joint Franco-British venture set up last year. Mr Forgeard said the alliance with GEC-Marconi would remain the "core" of Matra's collaborative strategy in the space field.

Matra is relying on its military observation and communications satellite business as the main source of growth in its defence business in the next few years.

Mr Forgeard said the space link-up was the beginning of a process of cross-border restructuring which Matra had been trying to promote since its privatisation in 1988. At that time, GEC and Germany's Daimler-Benz group took shareholdings of just under 5 per cent each in the French group.

Two years ago, Matra set its sights on an ambitious cross-shareholding structure linking the three groups' defence and aerospace interests.

Mr Forgeard said Matra's approach would be to start with specific major projects "and from that basis examine if a more structural form of agreement could be envisaged".

Matra recently signed an agreement on air-to-air missiles with Alenia of Italy.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	$368.95	+0.20	$347.50	$392.25	$353.55
Silver Per troy oz	269.20p	+2.35	283.35p	278.10p	183.35p
Aluminium 99.7% (cash)	$1291.5	+59.5	$1582.5	$1570	$1227
Copper Grade A (cash)	£1342	+42	£1519	£1472	£1241.0
Lead(cash)	£335.00	+12.75	£483.25	£382.5	£292.5
Nickel (cash)	$8260	+125	$8662.5	$9237.5	$8110
Zinc SHG (cash)	$1075	+12	$1690.0	$1430	$1053.0
Tin (cash)	$5740	-10	$6160	$5915	$5470
Cocoa Futures (Sep)	£639	-7	£808	£714	£596
Coffee Futures (Sep)	£584	-8	£618	£613	£520
Sugar (LDP Raw)	$236	+15	$305.50	$236.0	$194.0
Barley Futures (Nov)	£114.80	+0.10	£116.00	£121.50	£107.75
Wheat Futures (Sep)	£113.10	+0.10	£113.50	£141.10	£111.80
Cotton Outlook A Index	83.60c	-0.35	89.75c	86.25c	82.65c
Wool (64s Super)	392p	+17	485p	421p	329p
Oil (Brent Blend)	$18.175x		$16.325	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg, c-cents lb, x-Aug.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.05-5.15z	-0.20
Brent Blend (dated)	$17.65-7.75	-.125
Brent Blend (Aug)	$18.15-8.20	-0.20
W.T.I. (1 pm est)	$19.80-9.85z	-.225
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$248-250	
Gas Oil	$175-176	-1
Heavy Fuel Oil	$66-67	
Naphtha	$185-188	-2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$368.95	-2.40
Silver (per troy oz)♣	441.5c	-9.0
Platinum (per troy oz)	$368	-8
Palladium (per troy oz)	$95.75	-0.75
Aluminium (free market)	$1275	+5
Copper (US Producer)	102.90c	
Lead (US Producer)	35c	
Nickel (free market)	382c	+3
Tin (Kuala Lumpur market)	15.55r	-0.05
Tin (New York)	270c	+4
Zinc (US Prime Western)	82c	
Cattle (live weight)†	111.28p	-2.75*
Sheep (dead weight)†	137.09p	-20.97
Pigs (live weight)†	84.68p	-2.14*
London daily sugar (raw)	$236q	+10
London daily sugar (white)	$311q	+11
Tate and Lyle export price	£254.0	+7.5
Barley (English feed)	£110z	
Maize (US No. 3 yellow)	£183	
Wheat (US Dark Northern)	£100	
Rubber (Jul)♥	66.00p	
Rubber (Aug)♥	56.50p	
Rubber (KL RSS No 1 Jul)	234.0m	+0.5
Coconut oil (Philippines)§	$382.5y	
Palm Oil (Malaysian)§	$305t	
Copra (Philippines)§	$230.0x	+2.5
Soyabeans (US)	£167.5	+1.0
Cotton "A" index	83.80c	
Wooltops (64s Super)	392p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jun/Jul t-Jul/Sep u-Jul x-Jul/Aug y-Aug/Sep z-Aug. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)			
Raw	**Close**	**Previous**	**High/Low**
Aug	200.40	202.80	206.80 198.00
Oct	184.40	190.00	191.60 184.40
Dec	200.00	189.00	190.00 183.00
Mar	184.00	188.80	188.20 184.00
May	186.60	192.60	189.00 188.20
Aug	192.40	199.00	198.00 197.00
Oct	192.40	199.00	197.00
White	**Close**	**Previous**	**High/Low**
Aug	300.0	308.0	308.2 303.0
Oct	263.0	272.5	269.8 266.5
Dec	255.0	266.0	261.0 259.0
Mar	256.5	267.0	262.0 260.0
May	259.0	271.0	263.5 262.0
Aug	268.0	276.0	269.5 269.0
Oct	254.5	262.0	254.0

Turnover: Raw 1462 (723) lots of 50 tonnes. White 1130 (615)
Paris- White (FFr per tonne): Aug 1847, Oct 1632.

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low
Aug	18.13	18.16	18.29 18.10
Sep	18.43	18.46	18.55 18.41
Oct	18.65	18.70	18.80 18.65
Nov	18.65	19.10	18.96 18.84
Dec	19.01	19.20	19.01 18.90
IPE Index	18.02	17.87	

Turnover 11020 (12693)

GAS OIL – IPE ($/tonne)	Latest	Previous	High/Low
Jul	170.75	172.00	171.50 170.00
Aug	171.25	172.75	172.00 170.50
Sep	173.25	174.50	174.60 173.25
Oct	176.00	177.25	177.50 175.50
Nov	178.50	179.75	179.50 177.75
Dec	179.50	181.00	181.00 179.50
Feb	172.00	172.75	173.00

Turnover 5698 (8787) lots of 100 tonnes

SPICES
Nutmegs/mace in Indonesia remain firm locally, especially for the better grades like abcd and shrivelled, reports Man-producten. Sound unassorted nutmegs from Grenada are expensive in comparison, buying interest in Europe and the US remains small. The same applies for cassia, with European grinders buying hand-to-mouth. Commores cloves: no shortage, but prices stable. Madagascar/Commores $1,625 a tonne for shipment June-Aug, spot $1,900. European market flooded by Nigerian split ginger, prices decreased from $1,100 to $825/$900 a tonne ex-warehouse.

COCOA – London FOX (£/tonne)	Close	Previous	High/Low
Jul	604	606	610 603
Sep	639	639	644 636
Dec	679	676	683 678
Mar	713	710	717 712
May	734	732	734 732
Jul	754	751	755 754
Sep	774	770	775 773

Turnover: 3998 (4840) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 13 761.00 (773.94) 10 day average for Jun 14 793.35 (797.65)

COFFEE – London FOX (£/tonne)	Close	Previous	High/Low
Jul	537	543	544 536
Sep	584	589	572 583
Nov	589	594	597 587
Jan	610	615	618 608
Mar	629	636	635 625

Turnover:3797 (5969) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jun 13 : Comp. daily 65.23 (65.02). 15 day average 65.94 (66.00)

POTATOES – London FOX (£/tonne)	Close	Previous	High/Low
Sep	80.0	80.0	
Mar	121.0	119.5	
Apr	119.9	118.3	120.0 118.5
May	134.0	132.0	

Turnover 66 (93) lots of 40 tonnes.

SOYAMEAL – London FOX (£/tonne)	Close	Previous	High/Low
Dec	141.50	140.50	141.50

Turnover 35 (61) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)	Close	Previous	High/Low
Jun	1730	1725	
Jul	1600	1590	1604 1575
Oct	1680	1670	1683 1660
Jan	1674	1673	1665
BFI	1704	1701	

Turnover 226 (675)

GRAINS – London FOX (£/tonne)			
Wheat	**Close**	**Previous**	**High/Low**
Jun	133.25	133.25	133.25
Sep	113.10	113.35	113.25 113.10
Nov	116.30	116.65	116.50 116.30
Jan	119.85	120.30	120.20 120.15
May	126.25	126.65	126.65
Barley	**Close**	**Previous**	**High/Low**
Sep	111.15	111.40	111.50 111.25
Nov	114.80	115.15	115.00
Jan	118.05	118.40	
Mar	121.00	121.25	121.25 121.00
May	122.45	122.65	122.55

Turnover: Wheat 126 (149), Barley 106 (86). Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low
Aug	112.0	112.0	111.0
Nov	113.0	114.5	113.0

Turnover:19 (136) lots of 3,250 kg

MGMI – London FOX	Close	Prev.	High	Low	Vol
Indx	136.60	136.29			
Jun	139.00	139.20	139.00	138.10	131
Jul	138.60	140.00	139.00	138.70	140

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 20,811 lots
Cash	1291-2	1275-7		1273-4		
3 months	1323-4	1307-8	1335/1290	1305-6	1330-5	96,434 lots
Copper, Grade A (£ per tonne)						Total daily turnover 18,535 lots
Cash	1341-3	1337-8	1348/1341	1341-2		
3 months	1363-4	1352-3	1368/1353	1355-6	1355-6	131,046 lots
Lead (£ per tonne)						Total daily turnover 2,098 lots
Cash	334-6	342-4	339.5/338.5	338-40		
3 months	343-4	348-9	349/342	347-8	344-5	16,869 lots
Nickel ($ per tonne)						Total daily turnover 3,551 lots
Cash	8250-70	8195-205	8275/8250	8250-75		
3 months	8287-90	8230-5	8380/8225	8300-10	8325-35	13,202 lots
Tin ($ per tonne)						Total daily turnover 2,348 lots
Cash	5735-45	5700-10	5760/5740	5740-5		
3 months	5820-30	5780-5	5874/5775	5830-5	5874-5	7,462 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 8,360 lots
Cash	1074-6	1099-101	1088/1087	1087-7.5		
3 months	1091-2	1115-6	1113/1091	1104.5-5.0	1093-4	28,146 lots

LME Closing £/$ rate:
SPOT: 1.6410 3 months: 1.6216 6 months: 1.6070 9 months: 1.5960

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	366.70-367.20	
Opening	369.20-369.60	
Morning fix	369.00	226.519
Afternoon fix	367.75	224.101
Day's high	369.60-370.00	
Day's low	366.30-366.70	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	5.54	6 months	5.44
2 months	5.51	12 months	5.40
3 months	5.48		

Silver fix	p/fine oz	US cts equiv
Spot	277.05	451.00
3 months	284.60	457.70
6 months	291.90	465.10
12 months	306.15	481.25

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	368.00-369.00	224.50-225.00
Maple leaf	376.00-377.00	229.75-230.25
New Sovereign	89.00-90.00	54.25-54.75

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jul	Sep	Jul	Sep
1200	105	134	2	10
1300	30	64	26	39
1400	3	24	99	97
Copper (Grade A)	**Calls**		**Puts**	
2100	113	133	5	35
2200	42	78	33	76
2300	9	38	99	136
Coffee	**Jul**	**Sep**	**Jul**	**Sep**
500	36	66	0	3
550	2	29	16	16
600	0	9	64	48
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
550	54		0	
600	10	49	6	10
650	0	21	46	32
Brent Crude	**Aug**	**Sep**	**Aug**	**Sep**
1850	28	63	56	67
1900	14	42	92	96
1950	7	28	134	132

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Jun	367.1	370.2	369.0	367.2
Jul	368.2	371.3	0	0
Aug	369.8	372.9	372.1	368.4
Oct	373.0	376.2	375.2	371.6
Dec	376.6	379.9	379.0	375.3
Feb	380.0	383.4	379.7	378.9
Apr	383.4	386.8	385.1	383.3
Jun	386.9	390.4	387.5	387.5
Aug	390.5	394.1	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jun	368.9	374.0	367.8	367.8
Jul	369.1	374.2	370.5	366.0
Oct	373.7	378.7	375.0	370.5
Jan	378.0	383.0	378.5	374.5
Apr	382.0	387.0	383.0	378.0
Jul	386.0	391.0	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Jun	441.8	451.1	443.0	443.0
Jul	442.7	452.2	452.5	436.5
Aug	445.5	455.0	0	0
Sep	448.2	457.8	458.0	441.0
Dec	456.1	465.8	466.0	448.5
Jan	458.5	468.2	0	0
Mar	464.7	474.5	467.5	457.0
May	470.6	480.5	475.0	465.0
Jul	476.5	486.5	481.0	472.5
Sep	483.1	493.1	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Jun	98.70	99.00	99.10	98.40
Jul	98.85	98.15	98.50	98.45
Aug	97.85	98.25	98.25	97.85
Sep	97.50	97.90	98.10	97.30
Oct	97.05	97.45	97.55	97.55
Nov	96.85	97.05	97.25	97.25
Dec	96.20	96.65	96.85	96.00
Jan	95.85	96.25	96.10	96.10
Feb	95.40	95.80	0	0
Mar	95.00	95.40	95.75	95.40

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Jul	19.68	19.71	19.81	19.64
Aug	19.81	19.82	19.92	19.75
Sep	20.05	20.07	20.13	20.00
Oct	20.29	20.31	20.35	20.25
Nov	20.41	20.46	20.50	20.40
Dec	20.47	20.51	20.56	20.41
Jan	20.37	20.44	20.48	20.35
Apr	20.16	20.26	20.20	20.16

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Jul	5365	5344	5405	5335
Aug	5455	5443	5500	5425
Sep	5605	5602	5660	5580
Oct	5730	5732	5780	5720
Nov	5845	5852	5900	5830
Dec	5935	5951	6000	5920
Jan	5960	5986	6030	5950
Feb	5875	5886	5910	5875
Mar	5660	5666	5685	5660
Apr	5475	5471	5500	5465

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Jul	914	937	940	911
Sep	966	980	981	965
Dec	1017	1022	1027	1015
Mar	1064	1072	1071	1064
May	1094	1097	1095	1090
Jul	1130	1130	1130	1120
Sep	1158	1160	0	0
Dec	1201	1203	0	0
Mar	1241	1243	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Jul	84.30	84.50	84.70	83.90
Sep	86.60	86.65	86.90	86.05
Dec	89.90	90.20	90.20	89.40
Mar	93.20	93.20	93.10	92.65
May	95.15	95.25	95.26	94.95
Jul	97.00	97.45	0	0
Sep	98.90	99.00	98.85	98.85

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	9.24	9.39	9.63	9.20
Oct	8.29	8.51	8.64	8.28
Mar	8.25	8.39	8.50	8.22
May	8.28	8.44	8.52	8.26
Jul	8.41	8.55	8.55	8.55
Oct	8.61	8.75	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Jul	84.35	84.15	84.85	83.76
Oct	78.92	77.77	79.46	78.00
Dec	74.60	73.80	74.85	73.90
Mar	75.40	74.60	75.60	74.80
May	75.65	74.92	75.80	75.40
Jul	75.80	75.38	76.10	75.70
Oct	66.75	0	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	116.10	115.15	116.55	114.80
Sep	117.80	117.20	118.75	117.00
Nov	117.50	117.25	118.00	117.40
Jan	117.05	116.95	117.75	117.10
Mar	117.05	116.95	117.60	117.60

INDICES

REUTERS (Base: September 18 1931 = 100)			
Jun 14	Jun 13	mnth ago	yr ago
1760.7	1764.0	1717.0	1838.0

DOW JONES (Base: Dec. 31 1974 = 100)	Jun 13	Jun 12	mnth ago	yr ago
Spot	130.80	130.32	129.10	129.84
Futures	126.98	126.76	127.23	130.40

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jul	567/4	571/4	573/0	566/4
Aug	570/4	575/0	576/4	570/0
Sep	571/6	575/0	577/6	571/2
Nov	578/0	582/0	585/0	577/0
Jan	589/0	593/0	595/2	589/0
Mar	599/4	603/2	606/0	599/4
May	610/0	612/6	614/4	610/0
Jul	614/4	617/0	620/0	614/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	19.33	19.87	19.74	19.31
Aug	19.49	19.84	19.92	19.48
Sep	19.57	20.00	20.08	19.57
Oct	19.86	20.16	20.26	19.85
Dec	20.25	20.54	20.63	20.25
Jan	20.42	20.70	20.81	20.42
Mar	20.75	21.01	21.10	20.75
May	21.00	21.30	21.15	21.00

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Jul	173.3	173.3	174.4	172.7
Aug	174.1	174.3	175.4	173.8
Sep	174.4	175.4	175.5	174.3
Oct	175.1	176.0	176.2	175.0
Dec	177.2	177.9	178.4	177.0
Jan	178.2	179.1	179.4	178.2
Mar	180.0	181.0	180.7	179.5
May	180.5	182.7	180.5	180.5

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Jul	241/6	240/6	242/0	240/4
Sep	241/2	241/0	242/2	240/4
Dec	242/0	241/0	243/0	240/4
Mar	250/0	248/4	251/0	248/0
May	255/4	253/4	256/4	255/0
Jul	260/2	258/2	260/2	257/4
Sep	256/4	255/0	0	0
Dec	255/4	254/0	255/4	253/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Jul	293/0	296/0	297/0	292/4
Sep	298/6	303/6	302/6	298/4
Dec	310/2	313/6	313/2	309/0
Mar	315/0	318/6	318/0	314/4
May	308/2	312/4	313/0	308/0
Jul	300/0	303/0	303/0	300/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Jun	74.82	74.82	74.90	74.60
Aug	73.47	73.57	73.75	73.25
Oct	75.32	75.37	75.45	75.07
Dec	76.22	76.27	76.25	75.92
Feb	75.72	75.77	75.72	75.60
Apr	76.12	76.15	76.17	75.95
Jun	74.57	74.60	74.5*	74.32

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Jun	58.47	58.55	58.75	58.32
Jul	54.27	54.15	54.45	54.20
Aug	50.85	50.92	51.20	50.80
Oct	46.20	46.12	46.30	46.00
Dec	46.62	46.62	46.85	46.60
Feb	46.50	46.50	46.85	0
Apr	44.85	44.90	45.00	44.85
Jun	49.05	49.05	49.15	49.05

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	55.62	55.82	56.75	55.50
Aug	53.00	53.37	54.25	52.90
Feb	53.65	53.80	54.60	53.50
Mar	53.20	53.50	53.40	53.20
May	52.80	53.20	53.70	52.70
Jul	52.90	53.20	53.10	52.75

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar lower on profit-taking

THE US DOLLAR weakened yesterday as investors took profits after the strong rally of the last ten days, while sterling retreated on growing worries over the political standing of the UK government.

With many investors long of dollars, the release of a batch of US economic statistics in line with market forecasts appeared to be the trigger for selling by some international fund managers.

The 0.3 per cent increase in May consumer prices had been expected by the market, although the 0.2 per cent rise in core inflation (which excludes the energy and food components) was below most analysts' estimates.

The CPI data dampened any lingering hopes that the Federal Reserve may ease monetary policy. This was confirmed by May industrial production figures which were above most forecasts. Finally, capacity utilisation rose in May and encouraged economists to say that the fall in capacity utilisation which began in August of last year may have been reversed.

The figures follow employment and retail sales reports released this week which suggest the recession may have ended. Federal Reserve Board governors and government leaders have encouraged this belief, all of which has boosted the dollar to its highest levels so far this year.

The dollar closed lower yesterday at DM1.7890 from DM1.7980; at SFr1.5325 from SFr1.5375; at FFr6.0775 from FFr6.0975. The dollar's index closed at 67.9, down 0.3.

Sterling was under pressure as worries over the government's political standing came again to the fore. Opinion polls earlier in the week had given the opposition Labour party a strong lead over the ruling Conservative party..

The continuing divisions within the Conservative party over Europe, combined with the depth of the recession, has left sterling more vulnerable to political factors. Expectations of a reduction in interest rates have also weakened the UK currency.

Sterling closed lower at DM2.9350 from DM2.9450; at SFr2.5125 from SFr2.5175; at FFr9.9675 from FFr9.9875; sterling rose against the weaker dollar to $1.6400 from $1.6380. Sterling's index fell 0.3 to 89.8.

The yen remained firm as Japanese money market rates continued to firm following economic data suggesting that the economy continues to strengthen. The dollar fell to Y140.50 from Y141.35, while sterling fell to Y230.50 from Y231.50.

The Peseta came under pressure following speculation that the Spanish currency could move to the narrower 2.25 per cent band in the Exchange Rate Mechanism. Many dealers believed that any move to the narrow band would be accompanied by a devaluation.

£ IN NEW YORK

Jun 14	Latest	Previous Close
£ Spot	1.6365-1.6375	1.6435-1.6445
1 month	0.72-0.70pm	0.71-0.69pm
3 months	2.00-1.97pm	1.97-1.94pm
12 months	5.60-5.50pm	5.51-5.44pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6400	1.6329	1.6201	1.6059	1.5840
D-mark	2.9350	2.9293	2.9203	2.9114	2.8950
French Fr.	9.9675	9.8490	9.6545	9.4425	9.0160
Swiss Fr.	2.5125	2.5056	[illegible]	[illegible]	[illegible]
Yen	230.50	229.85	229.18	226.96	223.79

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jun 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6290 - 1.6410	1.6395 - 1.6405	0.72-0.70cpm	5.20	2.01-1.98pm	4.87
Ireland†	1.4835 - 1.4950	1.4940 - 1.4950	0.52-0.48cpm	4.01	1.42-1.32pm	3.67
Canada	1.1425 - 1.1440	1.1425 - 1.1435	0.29-0.26cdis	-2.57	0.66-0.71dis	-2.40
Netherlands	2.0100 - 2.0325	2.0145 - 2.0155	0.52-0.55cdis	-3.19	1.53-1.58dis	-3.09
Belgium	36.80 - 37.10	36.80 - 36.90	8.00-10.00cdis	-2.93	24.00-30.00dis	-2.93
Denmark	6.9050 - 6.9575	6.9050 - 6.9100	1.67-1.97oredis	-3.16	5.15-5.75dis	-3.16
Germany	1.7825 - 1.8025	1.7885 - 1.7895	0.42-0.44pfdis	-2.88	1.28-1.31dis	-2.90
Portugal	158.80 - 160.35	158.05 - 158.15	85-93cdis	-6.68	225-255dis	-6.07
Spain	111.25 - 112.75	111.60 - 111.70	51-55cdis	-5.70	151-158dis	-5.54
Italy	1331.00 - 1344.50	1333.25 - 1333.75	5.30-5.80liredis	-4.99	16.00-17.00dis	-4.95
Norway	6.9975 - 7.0450	7.0025 - 7.0075	2.07-2.37oredis	-3.80	6.45-6.95dis	-3.83
France	6.0625 - 6.1275	6.0750 - 6.0800	1.85-1.91cpm	3.71	5.42-5.54dis	-3.61
Sweden	6.4475 - 6.5075	6.4600 - 6.4650	2.08-2.32oredis	-4.09	6.50-6.95dis	-4.16
Japan	140.25 - 141.50	140.45 - 140.55	0.20-0.22ydis	-1.79	0.52-0.55dis	-1.52
Austria	12.6220 - 12.6900	12.6300 - 12.6350	2.00-4.50grodis	-3.09	8.90-10.10dis	-3.01
Switzerland	1.5275 - 1.5450	1.5320 - 1.5330	0.23-0.26cdis	-1.92	0.69-0.72dis	-1.84
Ecu	1.1390 - 1.1485	1.1475 - 1.1485	0.39-0.37cpm	3.97	1.10-1.06pm	3.76

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

POUND SPOT - FORWARD AGAINST THE POUND

Jun 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6290 - 1.6430	1.6395 - 1.6405	0.72-0.70cpm	5.20	2.01-1.98pm	4.87
Canada	1.8610 - 1.8760	1.8750 - 1.8760	0.43-0.37cpm	2.56	0.85-0.79pm	1.75
Netherlands	3.3000 - 3.3100	3.3000 - 3.3100	[illegible]	2.04	[illegible]	1.82
Belgium	60.15 - 60.50	60.40 - 60.50	[illegible]	2.18	32-26pm	1.92
Denmark	11.2875 - 11.3325	11.3225 - 11.3325	[illegible]	1.85	[illegible]	1.68
Ireland	1.0965 - 1.0990	1.0975 - 1.0985	0.06-0.11pdis	-0.93	0.20-0.30dis	-0.91
Germany	2.9300 - 2.9425	2.9325 - 2.9375	[illegible]	2.30	[illegible]	2.04
Portugal	258.50 - 261.50	258.50 - 259.50	23-41cdis	-1.48	53-104dis	-1.21
Spain	182.10 - 183.45	182.85 - 183.15	5-13cdis	-0.59	31-41dis	-0.79
Italy	2181.75 - 2190.50	2186.50 - 2187.50	[illegible]	-	par-2pm	0.18
Norway	11.4400 - 11.4950	11.4825 - 11.4925	[illegible]	1.31	[illegible]	1.80
France	9.9525 - 9.9750	9.9625 - 9.9725	[illegible]	1.35	[illegible]	1.15
Sweden	10.5850 - 10.6075	10.5925 - 10.6025	[illegible]	1.20	[illegible]	0.54
Japan	229.75 - 231.00	230.00 - 231.00	[illegible]	3.58	[illegible]	3.25
Austria	20.58 - 20.66	20.58 - 20.61	[illegible]	2.33	[illegible]	1.80
Switzerland	2.5050 - 2.5175	2.5075 - 2.5175	[illegible]	2.99	[illegible]	2.99
Ecu	1.4250 - 1.4325	1.4315 - 1.4325	0.17-0.11cpm	1.17	0.43-0.34pm	1.05

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.50-3.45cpm. 12 Month 5.65-5.55cpm

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jun 14	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.882	-4.32	5.71	75
Italian Lira	1538.24	1530.72	-0.49	1.64	30
Belgian Franc	42.4032	42.2593	-0.34	1.49	23
Dutch Guilder	2.31643	2.31314	-0.14	1.29	13
D-Mark	2.05586	2.05311	-0.13	1.28	17
Irish Punt	0.767417	0.767874	0.06	1.08	3
Sterling	0.696904	0.699592	0.39	0.75	-8
Danish Krone	7.84195	7.92085	1.00	0.15	-40
French Franc	6.89509	6.97386	1.14	0.00	-56

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Jun 14	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	12 - 10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jun 14	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.640	2.935	230.5	9.967	2.512	3.305	2187	1.875	60.45	1.432
$	0.610	1	1.790	140.5	6.077	1.532	2.015	1334	1.143	36.86	0.873
DM	0.341	0.559	1	78.53	3.396	0.856	1.126	745.1	0.639	20.60	0.488
YEN	4.338	7.115	12.73	1000.	43.24	10.90	14.34	9488	8.134	262.3	6.213
F Fr.	1.003	1.645	2.945	231.3	10.	2.520	3.316	2194	1.881	60.65	1.437
S Fr.	0.398	0.653	1.168	91.76	3.968	1	1.316	870.6	0.746	24.06	0.570
H Fl.	0.303	0.496	0.888	69.74	3.016	0.760	1	661.7	0.567	18.29	0.433
Lira	0.457	0.750	1.342	105.4	4.557	1.149	1.511	1000.	0.857	27.64	0.655
C$	0.533	0.875	1.565	122.9	5.316	1.340	1.763	1166	1	32.24	0.764
B Fr.	1.654	2.713	4.855	381.3	16.49	4.156	5.467	3618	3.102	100.	2.369
ECU	0.698	1.145	2.050	161.0	6.960	1.754	2.308	1527	1.309	42.21	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

MONEY MARKETS

London rates firm

LONDON MONEY rates were firm yesterday after the Bank of England again sent a signal to the markets that it did not want an early reduction in interest rates.

The Bank delivered its warning just after lunch when it said it would lend funds to the market at 11¾ per cent. The move allowed the Bank to meet the market's liquidity requirements, but it also underlined its commitment to keeping rates steady.

Money rates had opened easier after the forecast of a smaller-than-expected liquidity shortage. Dealers had anticipated a day-to-day credit shortage of £1½bn, which was more than double the Bank's final estimate.

The release of the latest UK inflation figures contributed to hopes that interest rates will again be cut, but not in the immediate future. The May retail price index fell to 5.8 per cent from 6.4 during the previous month and against general market expectations of around 6.0.

Rates strengthened during the Bank's afternoon money market operations, in large measure owing to the weakness of sterling. By lending at 11¾ per cent for ten days, the Bank appears to have ruled out a cut in rates at least until the end of the month. However, it is not obliged to wait that long, and there must always be an outside chance that rates could be cut again next week.

While a ½ point reduction in rates could be justified to the markets on economic grounds, the weakness of sterling appears to be preventing an immediate change. London analysts said that as long as the pound is weakened by the government's poor standing in opinion polls, the authorities will want to resist a cut in rates.

Three-months money closed 1/16 higher at 11¼-⅛ per cent; six months also finished 1/16 up at 11-10⅞; and twelve months added 1/16 to 10 11/16-9/16. In the futures market, June short sterling eased 8 points to 88.76, implying an interest rate of 11.25 per cent.

In Frankfurt money rates eased slightly in response to an increase in bank reserve holdings held with the Bundesbank. Call money eased to 8.70 per cent from 8.75. Reserve holdings on Wednesday rose to DM79.6bn from DM79.3bn on Tuesday and DM77.0 on Monday.

In New York rates were firm to slightly lower after the Federal Reserve drained liquidity.

UK clearing bank base lending rate 11.5 per cent from May 24, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Jun 14) 3 months US dollars		6 months US Dollars	
bid 6¼	offer 6⅜	bid [illegible]	offer [illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

BANK RETURN

BANKING DEPARTMENT	Wednesday June 12, 1991	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	44,086,553	- 12,608,713
Bankers Deposits	1,726,888,452	+ 69,635,406
Reserve and other Accounts	3,245,823,623	+ 384,006,752
	5,031,353,628	+ 441,032,445
ASSETS		
Government Securities	1,402,154,028	- 125,425,000
Advance and other Accounts	3,149,361,393	+ 1,211,986,939
Premises Equipment & other Secs	473,237,069	- 641,165,597
Notes	6,361,241	- 4,364,079
Coin	239,897	+ 182
	5,031,353,628	+ 441,032,445
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	15,843,638,759	- 55,635,921
Notes in Banking Department	6,361,241	- 4,364,079
	15,850,000,000	- 60,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	10,514,971,903	- 238,100,117
Other Securities	5,324,012,997	+ 178,100,117
	15,850,000,000	- 60,000,000

BASE LENDING RATES

	%		%		%
ABN Bank	11.5	Comm.Bk.of London Plc	11.5	McDonnell Douglas Bnk.	11.5
Adam & Company	11.5	Co-operative Bank	11.5	Midland Bank	11.5
Allied Trust Bank	11.5	Coutts & Co	11.5	Mount Banking	11.5
AIB Bank	11.5	Cyprus Popular Bk	11.5	NatWestminster	11.5
● Henry Ansbacher	11.5	Dunbar Bank PLC	11.5	Northern Bank Ltd	11.5
B & C Merchant Bank	11.5	Duncan Lawrie	11.5	Nykredit Mortgage Bank	12
Bank of Baroda	11.5	Equatorial Bank plc	11.5	Provincial Bank PLC	14
Banco Bilbao Vizcaya	11.5	Exeter Bank Limited	12	Roxburghe Bank Ltd.	12.5
Bank Credit & Comm	11.5	Financial & Gen. Bank	12	Royal Bk of Scotland	11.5
Bank of Cyprus	11.5	First National Bank Plc.	14	● Smith & Williamson Secs.	11.5
Bank of Ireland	11.5	● Robert Fleming & Co.	11.5	Standard Chartered	11.5
Bank of India	11.5	Robert Fraser & Ptnrs.	12	TSB	11.5
Bank of Scotland	11.5	Girobank	11.5	Unibank plc	11.5
Banque Belge Ltd	12	● Guinness Mahon	11.5	● United Bk of Kuwait	11.5
Barclays Bank	11.5	● Hambros Bank	11.5	Unity Trust Bank Plc	11.5
Benchmark Bank	11.5	Hampshire Trust Plc	13.5	Western Trust	11.5
Brit Bk of Mid East	11.5	Heritable & Gen Inv Bnk.	11.5	Westpac Bank Corp.	11.5
● Brown Shipley	11.5	● Hill Samuel	11.5	Whiteaway Laidlaw	11.5
CL Bank Nederland	11.5	C. Hoare & Co.	11.5	Yorkshire Bank	11.5
Citibank NA	11.5	Hongkong & Shanghai	11.5		
City Merchants Bank	11.5	● Leopold Joseph & Sons	11.5		
Clydesdale Bank	11.5	Lloyds Bank	11.5		
		Meghraj Bank Ltd	11.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES — Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

EDUCATION

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on *Thursday and settled through the Stock Exchange Talisman system,* they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. Φ Bargains done the previous day.

British Funds, etc

No. of bargains included 2330

Exchequer 10½% Stk 2005 - £100½ 100⅜ (11Je91)

Guaranteed Export Finance Corp PLC 11¾% Gtd Nts 1994 (Br- £100.72 (10Je91)

12¾% Gtd Ln Stk 2002(Reg) - £110⅝

Cnv Prf 2003 - £116

United Kingdom 9⅛% Bds 2001(Br ECU1000,10000&100000) - EC100.16 (7Je91)

United Newspapers Capital Ld 8% Gtd Exch Prf Shs - £179Φ

Sterling Issues by Overseas Borrowers

No. of bargains included 29

Corporation and County Stocks

UK Public Boards

Commonwealth-Government

Foreign Stocks, Bonds, etc-(coupons payable in London)

Banks and Discount Companies

Breweries and Distilleries

Commercial, Industrial, etc

Electricity

Financial Trusts, Land, etc

Insurance

Investment Trusts

Unit Trusts

Mines - Miscellaneous

Mines - South African

Oil

Property

Plantations

Railways

Shipping

Utilities

Water

Miscellaneous Warrants

USM Appendix

Systems Connections Group PLCOrd 2.5p - 0% (12Je91)

Tadpole Technology PLCOrd 10p - £0.65

Thwaites(Daniel)& Co PLCOrd 25p - £1.9 (11Je91)

Rule 535(2)

Saab-Scania A SK287 68 (12/6)

Selangor Properties M$1.709 (12/6)

Vamgas A$2.68Φ (12/6)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

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LONDON STOCK EXCHANGE

Sterling concern as the account ends

FAVOURABLE news on UK inflation found a somewhat muted response in the UK equity market yesterday, and a firm close to the equity trading account partly reflected a strong opening to the new Wall Street session.

Optimism over the fall in the UK's annualised inflation rate to 5.8 per cent in May were restrained yesterday by weakness in sterling and by a Bank of England signal, for the second time this week, that it does not want base rates to fall in the immediate future.

Equities remained resilient, however, encouraged by firmness in other European Bourses, but genuine investment business was unexciting. Seaq volume included an above average proportion of intra-dealer activity as marketmakers squared their trading books at the end of an unexciting two week trading account.

Account Dealing Dates		
*First Dealings:		
June 3	Jun 17	Jul 1
Option Declarations:		
Jun 13	Jun 27	Jul 11
Last Dealings:		
Jun 14	Jun 28	Jul 12
Account Day:		
Jun 24	Jul 8	Jul 22

*New-time dealings may take place from 8.30 am two business days earlier.

Gilt-edged stocks opened steady, but were eventually unsettled by sterling's weakness, particularly against the German mark. Index-linked stocks recorded gains of ¼ or so despite the improvement in the May Retail Price Index. The longer end of the bond market slipped towards the close, when losses were extended to around ¼ of a point.

The FT-SE Index edged ahead by more than nine points in early trading but the gain was largely eroded as London waited for Wall Street to open. "We are all Dow watchers just now," said one leading trader.

But Wall Street's early success – a Dow gain of 30 points in London trading hours brought the Dow 3,000 mark well in sight again – took the UK market ahead as it moved into the new trading account.

The final reading put the FT-SE Index at 2,522.3 for a net gain on the day of 7.7 points. Over the two week trading account which closed last night, the Index has risen by a modest 22.4 points as the market continued to look for another cut in base rates. Seaq volume of 435.7m shares yesterday compared with 457.8m in the previous session; overall, the week has seen some small signs of improvement in market turnover.

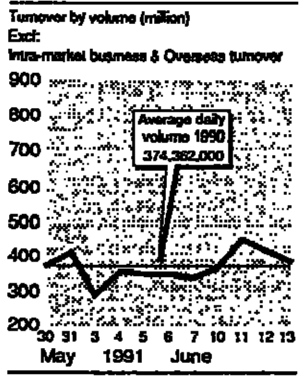
While not sounding over-enthusiastic about yesterday's inflation news, equity strategists continued to express moderate optimism for the immediate outlook. At County NatWest, Mr Robert Semple said the market could well give a favourable re-appraisal to this week's news on lower wage settlements in the UK.

Mr Ian Harnett at Strauss Turnbull, while stressing the Bank of England's evident caution towards base rate changes, saw the FT-SE Index challenging the 2,560 mark soon, encouraged by Wall Street's firmness and by the evident unwillingness of institutional investors to sell stock in the London market.

● Trading volume has improved this week, as the market has challenged its peaks. Purchases of Guinness shares by LVMH, boosted Tuesday's total.

London SE volume

Turnover by volume (million)
Excl:
Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	June 14	June 13	June 12	June 11	June 10	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	83.83	83.95	83.83	83.93	83.83	79.76	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.94	92.93	92.94	92.94	92.96	88.26	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1976.3	1970.8	1973.3	1991.1	1964.4	1925.9	2014.5 (5/4)	1608.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	201.8	205.2	207.9	209.1	201.7	167.9	209.1 (11/6)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2522.3	2514.6	2520.2	2542.6	2511.9	2382.3	2545.3 (5/4)	2054.8 (16/1)	2545.3 (5/4/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1181.89	1179.47	1181.07	1190.80	1184.49	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.82	4.84	4.83	4.79	4.86	4.80				
●Earning Yld %(full)	8.51	8.55	8.53	8.48	8.49	10.58				
●P/E Ratio(Net)(☆)	14.50	14.42	14.45	14.55	14.57	11.45				
SEAQ Bargns 4.45pm	28,081	25,296	25,724	26,992	24,546	28,233				
Equity Turnover(£m)†	-	989.25	960.82	1272.60	691.12	790.44				
Equity Bargains†	-	24,326	25,324	26,436	24,006	27,095				
Shares Traded (ml)†	-	384.9	414.8	451.3	382.4	351.5				

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 13.90

Ordinary Share Index, Hourly changes Day's High 1979.2 Day's Low 1972.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1974.9	1978.8	1976.0	1974.9	1972.6	1973.0	1973.2	1976.2	1976.1

FT-SE 100, Hourly changes Day's High 2523.9 Day's Low 2516.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2520.8	2523.4	2521.0	2520.4	2517.5	2517.1	2517.4	2522.1	2522.1

FT-SE Eurotrack 200, Hourly changes Day's High 1183.89 Day's Low 1178.48

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1180.21	1180.64	1179.75	1179.38	1179.18	1179.97	1181.75

GILT EDGED ACTIVITY

Indices*	June 13	June 12
Gilt Edged Bargains	97.1	91.9
5 – Day average	94.6	91.2

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Renewed demand for Glaxo

Buyers of Glaxo returned to the fray after just one day's rest and led most of the international sector sharply higher. US funds were heavily involved, despite receiving little encouragement from the performance of the dollar yesterday.

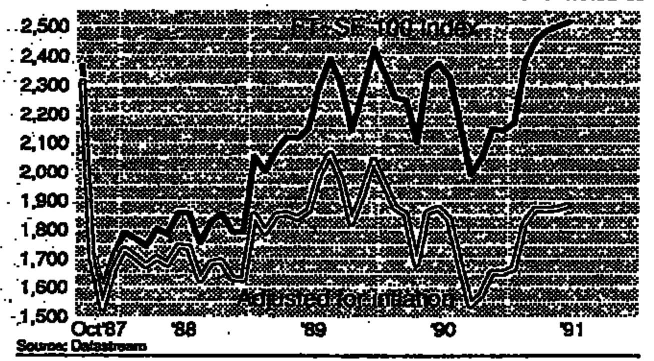
Most London traders were at a loss to account for the interest in the sector. There were explanations for individual performances, however. Glaxo's rise of 53 to 1280p was blamed partly on a bounce from the previous day's weakness on fears of competition for its best-selling ulcer drug Zantac. Analysts yesterday argued that the threat from the Swedish rival Losec, which received US approval on Thursday, should not be overestimated.

Traders added that Glaxo's 37 per cent rise in dollar terms since January might have triggered buying by a type of US specialist fund that concentrated on high performing stocks, the so-called go-go funds. Volume was a hefty 5.5m.

Wellcome's improvement of 27 to 643p was rather half-heartedly blamed by traders on hopes for what might be revealed at an Aids conference in Florence, Italy, that starts on Sunday. The conference has been known about for some weeks, and good news for Wellcome has already been built into the stock's price.

The excitement spilled over into other internationals. Fisons firmed 5 to 494p, BOC added 7 at 562p, BAT Industries rose 7 to 723p and Rothmans perked up 10 to 914p.

FT-SE 100 Index



Source: Datastream

The discouraging implications of UK inflation for equity investors are underlined by the chart here, despite yesterday's improved inflation figures. Far from recovering in real terms from the market crash of October 1987, the Footsie, after adjusting for UK inflation, is still some 20 per cent below pre-crash levels.

Among big broking houses, BZW chopped its current year forecast from £68.5m to £67m and for next year to £80m, down from £118m. Taylor Woodrow shares closed 4 off at 224p on 1.5m.

Earlier this week shares in Tarmac were given a shaking by a similar warning issued by Sir Eric Pountain, the Tarmac's chairman, who said Tarmac profits would show a severe shortfall in the first half. Tarmac was 3 higher at 224p on 1.6m.

ICI and its 2.8 per cent stakeholder Hanson moved in opposite directions after press reports of a financial restructuring at Hanson. ICI rose 13 in line with a good performance from the other internationals. Hanson was 5 lower at one point before recovering to end 1½ lowed on the day at 216½p. Traders anticipated much "mud-slinging" concerning both companies.

A change of finance director increased downward pressure on BTR. The stock had been weak for several days on the belief that the company intends to made a large bid soon. One of the mooted targets, Bowater, climbed another 7 to 628p.

Talk of a hefty profits downgrade by one of London's influential agency brokers left Burmah Castrol 9 off at 523p. Several analysts have begun to shift their forecasts down to the £83m-£84m mark.

BP, 334p, and Shell, 514p, both moved up 3, helped by the firm opening on Wall Street.

The high street banks were sold with dealers suggesting that at least two of the big integrated securities houses had adopted a more cautious line on the sector. Worries about possible rights issues, with Midland favourite to come to the market for cash, were also mentioned. Midland settled 4 off at 211p, while Barclays dipped 7 to 432p.

Yesterday was the last day of trade before Boddington's bid for Devenish closed. Swiss Bank Corporation (SBC) revealed it had taken a 1.16 per cent stake in the latter in its capacity as an associate of Devenish. SBC said its investment "is a clear demonstration of its belief in the prospects of Devenish's business under the existing management." After the market closed, SBC confirmed it had a 19.9 per cent stake in a company in which Devenish has 30 per cent.

Devenish slipped 3 to 207p as 1m shares changed hands, while Boddington rose 2 to 146p. At the start of yesterday's trade, Boddington had 16.85 per cent of Devenish.

Water shares ran into determined selling, prompted by suggestions of a bearish review of the sector in the weekend press and talk that next Tuesday – flotation day for the two Scottish electricity generators – might see a debate in the House of Commons on the large profits being made by water companies.

The Water Package, badly affected in recent weeks by unravelling of the constituents ahead of the July 12 cessation of trading in the units, dropped 43 to £2,810. Of the individual stocks, Anglian and Welsh lost 6 each at 286p and 303p.

Encouraging press comment on recent results from Johnson Matthey helped the shares improve 10 to 314p. Charter Consolidated, which has a 38 per cent stake in Matthey and which publishes its finals on June 18, climbed 20 to 467p.

The Taylor Woodrow profits warning was only part of the bad news for the building and contracting sector. The gloom deepened as Mr John Smith, chairman of the UK Building Employers Confederation, said he saw no sign of relief from accelerating job losses and a rising tide of bankruptcies in the industry.

George Wimpey, where profit estimates were being reworked after analysts visited the company. BZW lowered its 1991 number from £39m to £25m and that for next year from £75m to £55m.

RMC, which issued a profits warning three weeks ago, dropped 11 to 657p. Redland fell a similar figure to 560p.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 11.

T Woodrow warning

Taylor Woodrow was among the poorest performers in a struggling building sector after the company became the latest in a long line to issue a profits warning. Analysts responded with yet another profits downgrade for one of the big housebuilders/contractors.

Mr Peter Drew, Taylor Woodrow's chairman, said at the group's annual meeting that "the climate in the construction industry is the worst for half a century," and that the company's half-year profits would be lower than for the same period last year. The order book "is falling monthly," and US customers are not paying as promptly as even some six months ago.

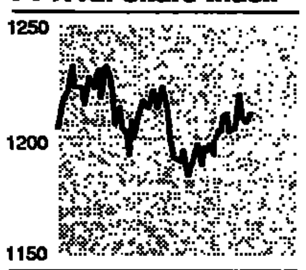
RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	13	50	20	178	147	90
Corps, Dom. & Foreign Bonds	0	5	15	11	16	73
Industrials	255	257	1,014	1,238	1,329	5,083
Financial and Props	149	88	500	662	521	2,506
Oils	18	23	49	71	104	287
Plantations	0	1	9	4	3	43
Mines	30	34	97	212	139	454
Others	53	38	65	277	209	322
Totals	518	496	1,769	2,653	2,468	8,858

NEW HIGHS AND LOWS FOR 1991

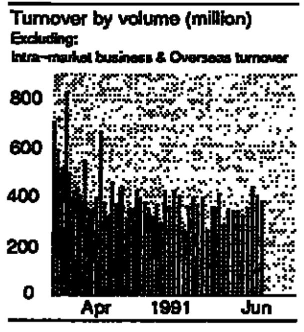
NEW HIGHS (121).
BRITISH FUNDS (2) Treas. 8¼pc 1993, Treas. 2pc IL 1992, **AMERICANS (12)** Amer. Cyanamid, CPC Intl., Chase Manhattan, Dial Corp., Dun & Bradstreet, Eaton, General Elect., Morgan (JP), Quaker Oats, Sears Roebuck, Utd. Tech., Whirlpool, **CANADIANS (8)** BCE, Brascan, Hudson's Bay, Imperial Oil, Trans Can. Pipeline, Nova Corp. of Alberta, **BANKS (7)** Bancaire Cie, Espirito Santo Fin., Kyowa, Mitsubishi, Mitsui Tst. & Bkg., Natl. Aust., Yasuda Tst. & Bkg., **BREWERS (2)** Seagram, Wolv. & Dudley, **CHEMICALS (5)** STP, Engelhard, Jayes, Plysu, Rentokil, **STORES (4)** Helene, Sherwood, Specialeyes, World of Leather, **ELECTRICALS (8)** Admiral, Cambridge Elect., Elect. Data Procg., Goring Kerr, Nthn. Telecom, Philips Lamp, SD-Scicon, Siemens, **ENGINEERING (3)** TACE, Thyssen, Vosper Thornycroft, **FOODS (3)** Perkins, Tate & Lyle, Do. 7.25p Cnv. Prf., **INDUSTRIALS (26)** Airsprung Furn., Assoc. Brit. Ports, Boots, Brooks Serv., CMB Packg., Daimler-Benz, EIT, Glaxo, Hasmocell, Hays, ISS-Intl. Serv. Sys. B, Macarthy, Rolfe & Nolan, Quotient, RCO, Siebe, Tilon, Tomkins, Do. 6¼pc Prf., Wolseley, **LEISURE (1)** Radio City A, **MOTORS (4)** Pendragon, Sanderson Murray Elder, Volkswagen, Volvo B, **NEWSPAPERS (1)** Thomson, **PAPERS (3)** Ferguson Intl., JMD, Waco 8pc Prf., **TEXTILES (1)** Tootal, **TOBACCOS (1)** Rothmans B, **TRANSPORT (2)** Bergesen d-y A, Norish, **TRUSTS (24)** Baillie Gifford Japan, Baring Puma, Beta Global Emrg. Mkts., Derby Inc., Dunedin Worldwide, F & C Germany, Fidelity Japan OTC & Redg., Flmg. Amer., Flmg. O'seas., Genesis Malaysia Maju, Govett Atlantic, Indonesia Equity Fd., Do. Wrrnts., JF Philippine Fd., Jupiter Tarbutt Merlin, Kleinwort O'seas., Korea Libr., Law Deb., Malacca Fd Partg., Mercury Asset Mangt., Mid Wynd, Pac. Assets Wrrnts., Personal Assets, RIT Cap., **WATER (1)** East Surrey, **OILS (4)** Nth. Sea Assets, Occidental Pet., Texaco 8pc Cnv., Woodside, **MINES (7)** Anglo Amer., Antofagasta, De Beers Lk. Units., Doral Res., Elandsrand Gold, Gencor, Oryx Gold.
NEW LOWS (37).
BANKS (1) Guinness Mahon, **BUILDINGS (1)** Graham Wood, **CHEMICALS (1)** Novalst, **STORES (1)** Asprey, **ELECTRICALS (2)** Pafon, Standard Platform, **ENGINEERING (2)** Lee (A), Robinson (Th), **INDUSTRIALS (10)** Alexandra Workwear, Bridport-Gundry, Bullers, Clayhithe, Granada, Hornby, Photo-Me, Savage, Tamaris, Tams (J), **INSURANCE (2)** Archer (A), Hibernian, **LEISURE (2)** Anglia TV, Cityvision, **NEWSPAPERS (2)** Gardner (DC), Intl. Bus. Comms., **PAPERS (1)** Colefax & Fowler, **PROPERTY (4)** Britannia, Cabra Ests., Greycoat, Watergiade Intl., **TEXTILES (1)** Aitch, **TRANSPORT (1)** Lep, **TRUSTS (1)** Gresham House, **OILS (3)** Fleetland Oil, Gt. Western Class A, XCL Sunrise, **MINES (2)** Anglo Pac., Monarch Res.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	1,900	78½	-½
ASDA Group	2,200	105	
Abbey National	938	274	-3
Albert Fisher	1,700	113	
Allied-Lyons	713	554	-3
Amstrad	888	84½	+½
Anglian Water	1,300	286	-6
Argos	1,730	298	-1
Argyll Group	1,200	305	
Arjo Wiggins	322	252	
Ass. Brit. Foods	309	534	+1
BAA	888	435	+1
BAT Inds	2,300	723	+7
BET	3,100	181	+6
BICC	684	440	+1
BOC	1,200	562	+7
BPB Inds.	95	286	
BTR	4,500	395	-6
Bank of Scotland	878	104	
Barclays	1,800	432	-7
Bass	228	967	-2
Beazer	367	174	-1
Berisford Int.	1,800	39	
Blue Circle	321	243	-2
Boots	2,800	397	+4
Bowater	108	628	+7
Brit. Aerospace	889	587	-1
British Airways	2,900	172	+1
British Gas	2,900	250	-1
British Land	891	283	+6
BP	3,100	334	+3
British Steel	2,600	135	-1½
British Telecom	6,600	381	-½
Bunzl	986	94	+1
Burmah Castrol	810	523	-9
Burton	1,600	73½	+½
Cable & Wire.	4,000	547	+10
Cadburys	3,800	352	-3
Calor Group	112	212	
Carlton Comms.	725	489	-1
Coats Viyella	2,800	159	-4
Comm. Union	815	481	+2
Cookson	583	108	+1

	Volume 000's	Closing Price	Day's change
Courtaulds	821	402	+1
Dalgety	659	365	-5
De La Rue	103	487	+2
Dixons	481	211	-2
ECC Group	83	407	+3
Eastern Elect.	315	184	+1
East Midland Elect.	252	193	-2
Enterprise Oil	522	513	-2
Eurotunnel Units	238	470	-1
FKI	5,100	59½	+2
Ferranti	594	10	
Fisons	825	494	+5
Forte	382	271	-1
Gen. Accident	880	528	-2
General Elect.	1,700	192½	+½
Glaxo	5,700	1280	+53
Glynwed Int.	822	233	+1
Granada	735	145	-2
Grand Met.	1,200	771	+1
GUS A	292	1228	+8
GRE	574	199	
GKN	660	350	+6
Guinness	879	985	
Hammerson 'A'	93	606	+2
Hanson	9,100	216½	-1½
Hanson Warrants	482	33	-½
Harrisons Crosfield	392	146	+2
Hawker Sidd.	389	581	+2
Hillsdown	1,400	228	-1
IMI	102	246	
ICI	1,400	1291	+13
Inchcape	364	348	+4
Kingfisher	848	499	+1
Ladbroke	847	268	-1
Land Securities	359	503	+2
Laporte	122	638	+2
Legal & General	570	433	+3
Lloyds Abbey	628	408	-7
Lloyds Bank	1,300	338	-8
LASMO	613	327	+2
London Elect.	62	198	-1
Lonrho	541	243	-1
Lucas	328	154	+1

	Volume 000's	Closing Price	Day's change
MB Caradon	384	226	+1
MEPC	807	474	+2
Manweb	287	243	
Marks & Spencer	2,800	253	+2
Maxwell Comms.	1,800	207½	-1½
Midland Bank	1,700	211	-4
Midlands Elect.	847	284	-2
NatWest Bank	1,900	313	-4
National Power	4,300	141	+1
Next	1,800	36½	-½
North West Water	1,300	288	-2
Northern Elect.	628	284	+2
Northern Foods	343	468	-1
Norweb	349	302	-1
Pearson	100	730	
P & O	889	572	-2
Pilkington	1,900	178	+3
PowerGen	1,700	147½	+1½
Prudential	4,200	237	-2
RHM	739	270	
RMC	221	657	-11
RTZ	2,000	550	-2
Racal	7,800	221	-3
Racal Telecom	1,200	367	-6
Rank Org.	400	665	+1
Reckitt & Colman	43	1580	-1
Redland	1,600	561	-10
Reed Intl.	1,700	432	+7
Reg. Elect. Pkg Uts	6	£2060	-8
Rentokil	298	312	+10
Reuters	711	824	-2
Rolls Royce	2,500	165	-2
Rothmans	357	914	+10
Ryl Bk Scotland	2,000	180	+2
Royal Insurance	1,300	436	+4
Saatchi	11,000	16¼	+1¼
Sainsbury	2,000	374	
Scottish & New.	318	393	+1
Sears	2,400	78	-1
Sedgwick	145	268	-1
Seeboard	33	202	-2
Severn Trent Water	3,500	254	-4
Shell Transport	3,300	514	+3

	Volume 000's	Closing Price	Day's change
Siebe	580	460	+3
Slough Ests	1,100	240	-2
Smith (W.H.) A	145	384	-2
Smith & Nephew	3,100	134½	
SmKl Beecham	1,800	781	-4
SmKl Beecham Uts.	422	[illegible]	-3
Smiths Inds.	673	251	+2
Southern Elect.	105	192	-3
South Wales Elect.	107	233	+1
South West Water	225	277	-5
South West. Elect.	329	210	-3
Southern Water	1,500	344	-5
Standard Chartd.	308	349	
Storehouse	358	114	
Sun Alliance	377	370	+4
TSN	421	157	+1
TI Group	364	516	+2
TSB	1,000	147	-1
Tarmac	1,600	224	+3
Tate & Lyle	1,300	330	+5
Taylor Woodrow	2,000	224	-4
Tesco	3,600	278	-1
Thames Water	718	292	-5
Thorn EMI	263	739	+2
Trafalgar House	1,700	258	-4
Ultramar	1,000	287	+2
Unigate	2,600	286	+8
Unilever	383	745	+5
United Biscuits	1,200	361	+1
Utd. Newspapers	669	349	-9
Water Package Uts.	1	£2810	-43
Wellcome	1,000	643	+27
Welsh Water	753	303	-6
Wessex Water	425	308	-6
Whitbread 'A'	748	500	
Williams Hldgs.	1,300	308	+1
Willis Corroon	468	332	
Wimpey	355	184	-8
Yorkshire Elect.	279	234	
Yorkshire Water	804	297	+1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES AND OPTIONS TRADING

Derivatives had a fairly quiet session, despite the encouraging news on the domestic inflation rate. The disclosure that annualised inflation had fallen to 5.8 per cent in May was a shade better than expected in the markets but the mood was unsettled by the Bank of England signal to the London money markets that it did not want base rates to fall at least for the next ten days.

The FT-SE futures contract turned in a firm performance although traders said that business largely reflected roll-over operations between the June contract, wich expires at the end of the month and the September contract which will then become the trading instrument. It was noted that institutions are opening long positions in the September contract, implying a relatively optimistic outlook on equities.

The June contract established a premium of around four points above the fair value figure which allows for expected dividend flows and financing costs involved in holding it until expiry and held this position for most of the session. It was helped by good support for the Euro FT-SE traded options, which in turn reflected firmness in other European equity markets.

Other traded option contracts to attract interest included Sears, with 1,778 contracts.

LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday June 13 1991

Textiles	+	36.09
Health & Household Products	+	34.74
Packaging & Paper	+	33.28
Chemicals	+	32.96
Gold Mines Index	+	32.73
Telephone Networks	+	31.07
Electricals	+	27.24
Other Groups	+	23.62
Engineering-General	+	23.13
Other Industrial Materials	+	22.93
Business Services	+	22.18
Investment Trusts	+	21.70
Electricity	+	20.47
Industrial Group	+	20.34
Merchant Banks	+	20.20
Consumer Group	+	20.16
Food Retailing	+	19.97
Conglomerates	+	18.46
Insurance (Life)	+	18.23
500 Share Index	+	17.79
Banks	+	17.72
All-Share Index	+	17.10
Media	+	16.64
Stores	+	16.19
Transport	+	15.86
Capital Goods	+	15.84
Metals & Metal Forming	+	15.39
Brewers & Distillers	+	15.00
Electronics	+	14.47
Food Manufacturing	+	13.12
Contracting, Construction	+	13.06
Financial Group	+	12.02
Motors	+	11.28
Insurance Brokers	+	9.91
Insurance (Composite)	+	9.44
Building Materials	+	7.54
Hotels & Leisure	+	7.16
Water	+	6.60
Engineering-Aerospace	+	5.89
Oil & Gas	+	3.13
Property	-	3.36

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	104.3249	-0.066	11.28	11.13	10.58
BELGIUM		10.000	06/00	104.4000	+0.100	9.26	9.19	9.16
CANADA *		9.750	06/01	99.0750	+0.400	9.90	9.85	9.63
DENMARK		9.000	11/00	98.6750	+0.125	9.20	9.13	9.14
FRANCE	BTAN	9.000	02/96	99.2650	+0.073	9.17	9.09	9.00
	OAT	9.500	01/01	102.6500	+0.280	9.06	9.09	8.97
GERMANY		8.375	06/01	100.3100	+0.170	8.33	8.36	8.41
ITALY		12.500	03/01	98.7600	-0.140	12.72	12.51	12.94
JAPAN	No 119	4.800	06/99	87.2471	-0.080	7.32	7.16	7.07
	No 129	6.400	03/00	97.4555	-0.052	6.88	6.73	6.64
NETHERLANDS		8.500	03/01	99.1300	+0.130	8.63	8.64	8.68
SPAIN		11.900	07/96	99.8500	-0.100	11.99	11.99	12.08
UK GILTS		10.000	11/96	98-11	-04/32	10.40	10.42	10.35
		10.000	02/01	98-29	-07/32	10.51	10.52	10.39
		9.000	10/08	90-10	-11/32	10.20	10.19	10.05
US TREASURY *		8.000	05/01	97-31	+05/32	8.30	8.29	8.12
		8.125	05/21	96-01	+07/32	8.49	8.49	8.32

London closing, *denotes New York morning session. Yields: Local market standard
Prices: US, UK in 32nds., others in decimal. *Technical Data/ATLAS Price Sources*

COMMODITIES

WEEK IN THE MARKETS

Conflicting news for aluminium

CONFLICTING news has bedevilled the aluminium market this week.

On the bullish side was the announcement on Monday that Reynolds Metals, the second-largest US producer, is to close temporarily three of the five potlines at its 121,000 tonne-a-year smelter in Troutdale, Oregon.

The market, which has been watching stocks climb ever higher, had been waiting for just such an announcement from a big producer and on Tuesday morning aluminium prices rose sharply.

But the same morning the European Aluminium Association's annual meeting in Brussels was told that Soviet aluminium exports were set to hit 1m tonnes this year, a huge advance on last year's 300,000 tonnes. Mr Dag Flaa, vice chairman of the association and chief executive of Hydro Aluminium of Norway, said he had reached his conclusions during a recent fact finding tour of the Soviet industry.

However, Western aluminium producers on Wednesday played down fears of a flood of Soviet metal. They stressed that, although the Soviet Union had ended barter deals with the former communist bloc countries, there were clear indications that its exports to these countries would continue. Mr Flaa confirmed that his forecast had been for total Soviet sales and not just for exports to the West.

This news took some out of the steam out of the aluminium market and prices eased. On Thursday a market rumour that Alcoa had reduced output at its Rockdale, Texas, smelter was denied by the company and the price slipped a little more.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+1,550	to 409,125
Copper	-7,350	to 260,275
Lead	+2,875	to 78,750
Nickel	-516	to 6,162
Zinc	-800	to 117,775
Tin	-210	to 14,815

Nevertheless, trading remained extremely nervous yesterday because some dealers expect further cuts in production. The London Metal Exchange reported yesterday that its aluminium stocks were up by 1,550 tonnes, less than expected, to 409,125 tonnes. LME cash aluminium closed at $1,291.50, a rise of $59.50 on the week.

The copper, lead and zinc markets have been keeping a weather eye on the situation in Peru where 70,000 miners are threatening to strike on Monday.

Last Wednesday it emerged that three of the smaller units of Centromin, Peru's state mine operator, had already gone on indefinite strike.

The copper market is also concerned about escalating tension over the labour contract at Codelco's Chuquicamata, the world's biggest copper mine. Cash copper closed at £1,342 a tonne yesterday, up £25 on the week.

On the bearish side for the lead and zinc markets was news that Curragh Resources had reached a tentative agreement with workers at its Faro, Yukon, mine after a two-month strike. Curragh said yesterday that it hoped to resume full production within 30 days if the miners ratified the deal.

Apart from the problems in Peru, this was the last of the labour disputes and production difficulties that have been unsettling the lead and zinc markets for nearly a year. Dealers are now optimistic that there will be plentiful supplies of concentrates for smelters, particularly as the short summer shipping season from Arctic mines starts soon.

However, the situation in Peru is underpinning both markets. Cash lead closed at £335 a tonne on the LME yesterday, up £12.75 on the week, while cash zinc closed at $1,075 a tonne, a rise of $12.

The week began with a sharp upward shift in the gold price on the London bullion market, Monday afternoon's fix of $372.20 a troy ounce was the highest since January 29 and the market went on to close at $$372.95, a rise of $6.20 on the day. The break through resistance at $370 followed a sharp advance on New York's Comex in the afternoon and unconfirmed talk of Middle East buying.

As the week wore on, however, the price edged down in thin trading. Dealers cited forward selling by mines as the most likely reason behind the fall. On Wednesday the price slipped back to $368.95 during the day, although at one point it crept back above $370 after an 11 cent leap in Comex silver futures on option-related fund buying. But the Thursday close was $369.35 and yesterday gold retreated to $366.95, up a mere 20 cents on the week.

Dealers have been surprised this week by the resilience of the silver price after its recent rally in view of the high level of world stocks. However, silver fell 9 cents yesterday, closing at 441.50 cents a troy ounce, down 11 cents on the week.

David Blackwell

APPOINTMENTS

Senior posts at Midland Montagu

■ Mr Tom Newman has been appointed to the new position of head of government bonds, capital markets at MIDLAND MONTAGU. He is also made managing director of GREENWELL MONTAGU GILT-EDGED.

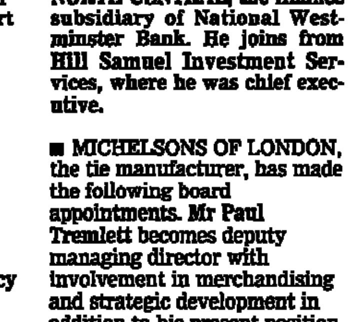
Mr Michael Higgins, a former managing director and consultant, has been appointed non-executive chairman of Greenwell Montagu Gilt-Edged. Mr Tony Bucknall is named managing director, sales and Mr Roger Shaw is made managing director, trading.

■ Mr Brian Limb has joined the board of GLOBAL GROUP. Mr Limb is managing director of Limb & Co, acquired as part of Global's shipping services division in July 1989.

■ Mr Mike Sommers, commercial director at Woolworths, is to join TSB RETAIL BANKING AND INSURANCE on July 15 as marketing and premises director. He takes over from Dr Frank Abramson who is leaving to set up a consultancy business.

■ ABERDEEN TRUST has appointed Mr Bev Hendry and Mr Hugh Young as executive directors. Mr Hendry joined the Aberdeen Trust Group in August 1987 in his present role as managing director of the group's unit trust subsidiary, Abtrust Unit Trust Managers.

Mr Young was appointed director of Abtrust Fund Managers, the investment management subsidiary of Aberdeen Trust Group, in November 1988. He is currently responsible for all investment in the Far East and a director of Abtrust New Dawn Investment Trust and Abtrust New Thai Investment Trust.



■ Mr Derek Fitch *(pictured)* has been appointed director and general manager, operations of LOMBARD NORTH CENTRAL, the finance subsidiary of National Westminster Bank. He joins from Hill Samuel Investment Services, where he was chief executive.

■ MICHELSONS OF LONDON, the tie manufacturer, has made the following board appointments. Mr Paul Tremlett becomes deputy managing director with involvement in merchandising and strategic development in addition to his present position in charge of UK sales.

Mr Tim Meyrick joins the company as export director from Samsung. Mr John Hillier becomes financial director and company secretary and Mr Brian Field production director responsible for manufacturing.

■ EUROTUNNEL has appointed Mr Douglas Hogg as commercial business manager, and UK communications manager. He will manage Eurotunnel's approach in its UK external communications programme in the lead up to opening, the company's business with Continental and British railways and all commercial business on and off the terminal sites.

■ Mr David Proudlove, deputy chairman, AIRCLAIMS GROUP, has been additionally appointed chief executive in succession to Mr Michael Narracott.

■ Mr Brian Maurice *(pictured)* has been appointed managing director of CONTROL DATA. He was previously customer services manager for professional services and engineering.

■ Mr Peter Bishop has been made a non-executive director of the API GROUP. He was formerly with the PA International Consulting Group.

■ Mr Peter Williams has been appointed group finance director of DAILY MAIL AND GENERAL TRUST from July 1 on the retirement of Mr Peter Saunders. Mr Saunders will continue as a non-executive director.

Mr Michael Jones, finance director of Associated Newspapers' Harmsworth Quays print and distribution centre, has been appointed to the board of AN, publishers of the Daily Mail, The Mail on Sunday and the Evening Standard.

■ Mr Adam Marchington has been appointed to the board of CASTLE MILL INTERNATIONAL. He will continue as managing director of Fashion Accessories International, the CMI subsidiary.

■ Dr Frank Feates has been appointed a non-executive director of S. GRUNDON (SERVICES) and S. GRUNDON (WASTE). He recently retired following 13 years at the Department of the Environment.

■ CASKET has strengthened its board by appointing Mr Stanislas Yassukovich and Mr Graham Waldron as non-executive directors. Mr Yassukovich is a former chairman of The Securities Association and Mr Waldron founded the MCD Group.

■ TECHNOLOGY, the Warrington-based computer services company, has appointed Mr Rick Medlock as finance director. He joins from Hoskyns Group, where he was senior finance manager for the company's Insight division.

■ Mr Marcus Beresford has been appointed to the board of SIEMENS. He was managing director of Plessey Controls, which became Siemens Plessey Controls following Siemens' acquisition of this part of Plessey in 1989.

■ LEEDS PARMANENT BUILDING SOCIETY has appointed Mr John A.C. King, chairman of the Analysys consultancy, as a non-executive director.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	49.78	49.78	53.24	+0.16	6.52
Gilts & Fixed Int	6	110.4	110.4xd	117.1	+0.2	9.82
High Inc Equity	6	136.1	139.8	148.7	-0.4	5.72
Worldwide Bond	6	208.8	208.8xd	221.3	+1.0	6.78
Capital Growth						
American Growth	6	204.7	204.7	218.9	+0.7	1.22
Asian Pacific	6	134.4	137.3	146.0	+0.3	.14
Assets & Earnings	6	173.7	177.5xd	188.8	-0.7	3.14
Capital Reserve Acc	0	104.9	104.9	105.0	-	7.23
Capital Reserve Inc	0	82.93	82.93	82.99	+0.03	7.23
Commodity & Energy	6	80.39	80.39	85.97	+0.27	.87
1992 Enterprise	6	63.48	63.48	67.89	-0.11	2.84
Euro Capital Acc	6	91.09	91.09	97.42	+0.12	1.39
Euro Capital Inc	6	87.03	87.03	93.08	+0.12	1.40
General	6	168.7	168.7	180.4	-0.5	2.77
Japan	6	102.8	102.8	109.9	+1.1	-
Mastertrust	6	91.10	91.10	97.43	+0.16	2.20
UK Growth Acc	6	158.0	158.0	168.9	-0.4	2.94
UK Growth Dist	6	101.5	101.5	108.5	-0.3	2.96
US Emerging Cos	6	68.23	68.23	72.97	+0.41	-
Income & Growth	6	298.9	298.9xd	319.6	-1.0	4.38
Ethical	6	49.10	49.10xd	52.51	-0.01	3.10
International	6	63.89	64.76	68.89	+0.22	1.45
Dividend & Growth	6	49.37	50.52	53.74	-0.20	5.58
Global Grth & Sec	6	51.34	51.62	54.91	+0.09	1.82

Aberforth Unit Trust Managers Ltd (1600)F
14 Chester St, Edinburgh EH3 7RA 031 220 0733

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Small Cos	0	974.00	974.00	1038.08	....	-

Abtrust Unit Trust Managers Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	31.98	31.98	33.95	+0.16	2.35
Cash	-	50.17	50.17xd	50.17	+0.01	11.50
European	5¼	74.57	74.57	79.15	-0.39	0.00
European Income	5¼	76.95	77.41xd	81.67	-0.32	1.51
Exempt	1	758.2	758.2	783.9	+0.4	5.24
Exempt Income	3¼	170.0	170.0	180.1	-0.5	4.70
Exempt American	3¼	375.4	375.4	391.0	+2.9	1.46
Exempt Pacific	3¼	240.9	240.9xd	252.0	+0.7	1.54
Extra Income	5¼	39.20	39.20xd	42.38	-0.08	5.91
Far East Emerg Ecos	5¼	55.83	55.83	59.91	+0.12	1.07
Fund for Tst	5	115.5	117.5	125.4	+0.4	1.37
[illegible]						

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place, London SW1A 1NW 071-493 8111

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Progressive Inc	5	19.19	19.19	20.25	....	1.56
Progressive Acc	5	28.92	28.92	30.52	-	1.56
International Inc	5	20.19	20.19	21.31	-	1.90
International Acc	5	26.83	26.83	28.32	-	1.90
Can & Foreign Inc	5	233.7	233.7xd	246.6	.	1.43
Can & Foreign Acc	5	279.3	279.3	294.8	-	1.43
Special Sits Inc	5	207.2	207.2	218.7	.	2.07
Special Sits Acc	5	225.0	225.0	237.5	...	2.07
PEP Inc	5	133.8	136.3	143.9	....	1.33
PEP Acc	5	142.9	145.6	153.7	.	1.35
Growth Inc	5	81.95	81.95	86.49	..	1.16
Growth Acc	5	82.29	82.29	86.85	.	1.16

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 071-236 6441

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Dolphin Special Sits	5½	128.6	128.6	137.5	+0.5	3.38
Dolphin Dividend	5½	62.13	62.13	66.44	+0.12	5.93
Dolphin Int Inc & Gth	5½	161.2	161.2	172.4	+0.9	3.62
Dolphin UK & Gen	5½	33.09	33.38	35.59	+0.3	3.14
Dolphin Fund of Funds	5½	47.72	49.69	53.14	+0.34	2.82

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	74.64	75.38	80.62	-0.21	3.15
Do (Accum)	6	79.04	79.83	85.38	-0.22	3.15
Service Cos	6	62.60	62.60xd	66.95	-0.25	2.45
Do (Accum)	6	65.86	65.86	70.43	-0.26	2.45
Income Growth	6	43.72	43.72xd	46.76	-0.16	4.36
Do (Accum)	6	61.73	61.73	66.02	-0.21	4.36
Higher Yield	6	32.80	32.80	35.08	-0.18	4.49
Do (Accum)	6	41.10	41.10	43.95	-0.22	4.49
American Gth Inc	6	32.04	32.04	34.26	-0.29	1.51
Do (Accum)	6	32.64	32.64	34.91	-0.29	1.51
European Growth	6	27.01	27.01	28.89	-0.09	1.55
Do (Accum)	6	27.52	27.52	29.44	-0.10	1.55
Global Bond Inc	6	22.54	22.66xd	24.24	+0.02	6.28
Do (Accum)	6	26.32	26.46	28.30	+0.02	6.28
Managed P'folio Inc	6	25.17	25.25	27.01	-0.09	-
(Do Accum)	6	25.17	25.25	27.01	-0.09	-

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	83.21	83.21	88.62	-0.06	2.35
Mngd P'folio Acc	6	151.2	151.2	161.0	-0.10	-
UK General	6	118.2	118.2xd	125.9	-0.30	4.03
Conv & General	6	18.70	18.70xd	19.92	+0.05	9.55
European Inc	6	21.16	21.16	22.78	-0.05	0.49
European Acc	6	21.63	21.63	23.28	-0.05	-
Exempt	3	283.5	283.5xd	298.7	+0.30	4.53
Financial	6	109.5	109.5	116.6	-0.70	4.05
German	6	37.82	37.82	40.53	-0.08	0.10
High Income	6	67.40	67.40	71.78	-0.41	6.09
Income	6	96.90	98.84	106.2	-0.50	5.11
Intl Income	6	86.10	86.10	91.70	-0.56	3.26
Intl Growth 4	6	28.93	28.93	30.81	+0.06	0.25
Monthly Income	6	56.69	58.32	62.15	+0.03	5.42
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[illegible: remaining fund price listings in all columns]

Maiden Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maiden General	0	116.2	116.2xd	119.3	+0.2	4.88

Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings 071-254 5858

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5¼	132.5	132.5	141.0	-0.1	4.02
Gilt & Fxd Int	5	140.9	140.9	148.3	+0.5	8.66
Intl Growth	5¼	153.9	155.2xd	165.1	+0.9	0.39
North American	5¼	99.37	100.9	107.3	+0.4	0.30
Far East	5¼	122.9	124.0	131.9	+1.2	0.52
UK Smaller Cos	5¼	105.1	107.8xd	114.7	-1.3	3.01
European	5¼	55.66	55.66	59.36	-0.09	1.16
Japanese Growth	5¼	39.01	39.01	41.80	+0.46	0.00
Managed P'folio	5¼	50.14	50.54xd	53.77	+0.23	1.65
High Income	5¼	149.9	150.9	160.5	-0.2	6.08
High Yielding Gilt	5¼	60.80	60.80xd	64.09	+0.07	9.59
Cash		50.91	50.91	50.91	+0.01	10.38

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Exempt Unit Tst	4	118.80	118.80	126.69	+0.21	2.60
Exempt Smllr Cos	3½	225.70	225.70	244.94	+0.33	1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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Edinburgh Fund Mngrs PLC

Exempt Funds

	Bid Price	Offer Price	+ or −	Yield Gross
American June 12	158.8	164.2	.....	1.42
Managed June 12	144.3	149.7	+1.0	3.84
Japan June 13	119.6	122.9	−1.2	0.08
Sm Jap Cos June 14	614.6	631.5	+32.0	0.08

Fidelity Investment Services Ltd

	Bid Price	Offer Price	+ or −	Yield Gross
Mngd Pens P'folio	130.8	135.0	+0.10	3.70

Funds in Court*

	Bid Price	Offer Price	+ or −	Yield Gross
Capital May 22	490.86	494.47	.....	2.48
Gross May 22	188.97	190.50	.....	9.71
High Yield May 22	295.65	298.03	.....	6.93

* Restricted to monies under Court control

Henderson Unit Trust Management Ltd

	Bid Price	Offer Price	+ or −	Yield Gross
Pensions Mngd.	52.69	53.78	+0.08	3.82

INVESCO MIM Management Ltd

Exempt Funds

	Bid Price	Offer Price	+ or −	Yield Gross
Intl Mngd P'Folio	1238	1342.0	.....	–
Mngd Pens (Acc)	69.1	73.7	.....	–

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	106.4	112.0	+0.1	-
Pension Managed Fd	104.4	109.9	+0.3	-
Life Deposit Fd	107.4	113.0	----	-
Pension Deposit Fd	112.6	118.5	----	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	109.4	120.3	-0.5	-
Managed Growth	137.9	151.8	+0.1	-
Managed Opportunity	140.9	155.2	+0.3	-
NFMC Target Financial	100.6	108.4	----	-
Pension Funds				
Managed Cautionary	119.5	131.0	-0.5	-
Managed Growth	146.0	160.6	----	-
Managed Opportunity	141.0	155.4	+0.2	-
NFMC Target Magd Pens	1522.2	1654.6	+3.0	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	162.8	171.4	----	-
UK Equity	169.8	178.8	----	-
Overseas Equity	140.2	147.6	----	-
Fixed Interest	142.1	149.6	----	-
Property	130.1	137.0	----	-
Index Linked	147.4	155.2	----	-
Deposit	156.8	165.1	----	-
With Profits (B)	128.7	135.5	----	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	353.4	372.1	+0.6	-
UK Equity	442.1	465.4	+0.1	-
Overseas Eq.	355.3	374.0	+0.7	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690565

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	152.0	160.5	----	-
Accum Equity	217.0	229.0	-0.5	-
Accum Managed	227.0	239.0	----	-
Accum Five Star	173.0	182.5	+0.5	-
Accum World	126.0	133.0	----	-
Accum Lifetime	110.0	110.0	-0.1	-
Pens Acc Equity	235.0	248.0	----	-
Pens Acc Managed	283.5	299.0	+0.5	-
Pens Acc Intl	218.0	230.0	+1.5	-
Pens Acc Deposit	199.0	210.0	----	-
Pens Acc Five Star	191.0	201.5	+1.0	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	226.9	239.4	+0.2	-
UK Fixed Int Acc	172.2	181.7	----	-
Intl Equities Acc	183.6	193.7	+1.1	-
UK Managed Acc	174.8	184.3	+0.1	-
Property Acc	224.4	236.8	----	-
Money Acc	129.2	136.3	----	-
Special Market Acc	140.0	147.7	+1.2	-
Japan Equity Acc	109.4	115.5	+1.6	-
North American Acc	112.3	118.5	+1.0	-
Pacific Acc	99.5	105.0	+0.9	-
Technology Acc	125.2	132.1	+1.3	-
Nat Resources Acc	63.1	66.6	+0.2	-
European Acc	104.4	110.2	+0.4	-
Residential Prop Acc	96.2	101.5	----	-
Swiss Equities Acc	35.5	37.5	-0.1	-
Hong Kong Acc	66.9	70.6	+0.5	-
UK High Inc Eq Acc	74.0	78.1	----	-
Int Fixed Interest Acc	56.9	60.1	----	-
Int Managed Acc	58.1	61.2	+0.3	-
HIP Managed Acc	118.1	124.5	+0.3	-
HIP Managed II Acc	100.7	106.2	+0.6	-
HIP Managed III Acc	107.2	113.0	+0.5	-
Total Investment Bond				
UK Equity Initial		154.5	+0.1	-
UK Fixed Int Initial		117.5	----	-
Intl Equities Initial		124.3	+0.6	-
UK Managed Initial		119.3	+0.1	-
Property Initial		154.2	----	-

Royal Heritage Life Assurance Ltd—Contd.
Gartmore Funds

	Bid Price	Offer Price
American	171.9	181.0
British	265.2	279.2
European	175.0	184.3
Extra Inc	193.1	203.3
Frontier Markets	127.4	134.2
Intl Fixed Interest	89.3	94.0
Gold Intl Resources	57.1	60.2
High Inc	256.1	269.6
Hong Kong	165.4	174.2
Income	332.8	350.4
Japan	340.2	358.2
UK Smlr Cos	268.3	282.5
Man Gth	335.5	353.2
Gartmore Funds (formerly Oppenheimer)		
Global Inc & Gwth	125.9	132.6
Worldwide Recovery	100.8	106.2
European Select Opps	136.5	143.7
Pacific Growth	166.4	175.2
Perpetual Funds		
International Growth	114.5	120.6
Income	111.0	116.9
American Growth	131.3	138.3
Intl Emerging Cos	129.2	136.0
Far East Growth	164.4	173.1
European	135.0	142.2
Managed	133.2	140.3
TSB Funds		
Income	119.5	125.8
Managed	139.1	146.5

Royal Life Insurance Ltd
New Hall Place, Liverpool L69 3HS

	Bid Price	Offer Price
Royal Shield Fd	690.8	730.9
Royal Life (Unit Linked Assurances) Ltd		
Managed Fund	279.8	294.1
Equity Fund	391.9	412.5
Property Fund	221.1	232.7
International Fund	330.9	348.3
Gilt Fund	253.3	266.6
Money Fund	187.3	197.1
United States Fund	156.1	164.3

Shield Assurance Ltd
40 Uxbridge Rd, W5 2BS. 081-567 0700

	Bid Price	Offer Price	+ or -	Yield Gross
Gartmore Magd	125.0	131.5	+0.2	-
Framlington Magd Life	99.2	104.4	+0.1	-
Henderson Magd Life	95.3	100.3	+0.1	-
Brunel Life	118.7	124.9	+0.1	-
Secure Life	114.4	120.5	----	-
Gartmore Pens Magd	131.1	137.9	+0.2	-

Skandia Life Assurance Co Ltd (z)
Skandia Hse, Portland Terr, Southampton 0703 334411

Swiss Life (UK) PLC
101 London Rd, Sevenoaks 0732 450161

CMI Insurance Co Ltd—Contd.

ECU Futures Plc

Edinburgh Money Management Ltd

Fairmount Financial Services Ltd

Gartmore Fund Managers Ltd

Hambros Fd Mgrs (CI) Ltd

Eagle Star Intl Financial Services

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

MANAGEMENT SERVICES

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

	Bid Price	Offer Price	+ or -	Yield Gross
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$763.84			
Fixed Income Shares	3065.37			
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Meta Growth	$10.42		+0.08	
Yamaichi TSS Fund	$7.79		+0.09	
Yamaichi CB Plus Fund	$8.22		+0.07	
Thai InvFund	$10.70			
Yamaichi UTC Equity Fd	$9.76		+0.01	

IRELAND (SIB RECOGNISED)

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
GAM Fund Management Ltd (u)						
29 Kildare Street, Dublin				010 353 1760 630		
GAM Central US Dlr Acc		$-	109.69		-1.27	
GAM Central US Dlr Inc		$-	109.69		-1.27	
GAM Universal DM Acc		DM-	120.95		+0.55	
GAM Universal DM Inc		DM-	120.95		+0.55	
MI Global Asset Mngmt Co Ltd "MI Trusts"						
MI Global Dollar		$-	0.97	1.04	+0.02	

IRELAND (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Bank of Ireland Unit Managers Ltd				
Global Scap	SW 64	9.93		
European Bond	[illegible]	[illegible]		
Generator Portfolio				
EquityAmerica	$17.28	12.18		
EquityEurope	$9.25	9.81		
BondAmerica	$10.37	11.01		
BondEurope	$9.29	9.86		
BondJapan	$9.91	10.51		
World Inv Trust	$10.56	11.20		
Opportunity Europe	$10.92	11.58		
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$14.77	15.51	+0.19	1.05
Japan Tech	$66.41	69.74	+0.58	
Japan Fund	$27.10	28.46	+0.15	0.37
Japan New Grth Fd	$21.73	22.82	+0.07	
Malay Sing	$59.06	62.02	+0.36	0.31
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Hill Samuel Fund Mgrs – Contd.						
Intnl. Bond Fund						
Sterling Managed	5½	£10.68	10.68	11.38	+0.03	6.62
US Dollar Managed	5½	$12.87	12.87	13.71	-0.01	7.35
International Currency Fund						
Sterling Managed ‡	5½	£26.50	26.50	28.04	+0.02	
US Dollar Managed ‡	5½	$29.49	29.49	31.21	+0.01	
Sterling ◆ ‡	0	£25.09	25.09	25.09	+0.01	10.87
US Dollar ◆ ‡	0	$38.04	38.04	38.04	+0.01	4.50
Deutschmark ◆ ‡	0	DM60.19	60.19	60.19	+0.02	7.00
Japanese Yen ◆ ‡	0	Y4,857	4,857	4,857	+1	6.33
Swiss Franc ◆ ‡	0	SFr46.84	46.84	46.84	+0.01	6.72
Irish Punts ◆ ‡	0	I£22.24	22.24	22.24		6.46
INVESCO MIM International (Jersey) Ltd						
PO Box 271, St Helier, Jersey				0534 73114		
Jersey Gilt (z)	5¼	[illegible]	0.1678	0.1768	[illegible]	9.33
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey				0534 27561		
Lloyds Tst. Gilt	2½	[illegible]	9.405	9.651	+0.03	11.19
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey				0534 606000		
Intl Circuit Portfolio	3	£1.0596	1.0596	1.1196	+0.01	1.57
Gilt	3	£0.9214	0.9214	0.9504		10.52

For MIM see INVESCO MIM

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey				0534 76077		
Govt Secs Fd	4	54.46	54.46xd	56.68	-0.01	9.85
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey				0534 73494		
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	109.65	109.65	106.76	+0.03	11.00
Gilt & Fixed Interest	5	101.50	101.50	104.94	+0.03	11.63
Inc Grth & Gilt Edged	5	49.27	49.27	52.51	-0.03	5.52
International Bond	5	107.59	107.59	112.95	+0.65	7.52
UK Equity	5	109.80	109.80	119.63	+0.28	1.62
International Equity	5	111.41	111.41	118.82	+0.68	0.45
Far Eastern	5	102.47	102.47	109.84	+1.48	0.00
European	5	89.12	89.12	94.29	+0.26	0.42
Pan American	5	122.77	122.77	130.58	+3.47	0.79
TSB Gilt Fund Ltd						
Quarterly Share	3	96.80	96.80	99.85	+0.19	10.72
Monthly Share	3	94.74	94.74xd	97.71	+0.18	10.95

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
TSB Trust Funds (CI)				
TSB Jsy Equity Fd	41.5	[illegible]	[illegible]	[illegible]
TSB G'sey Equity Fd	41.5	[illegible]	[illegible]	[illegible]
TSB Island Pension	297.1	[illegible]	[illegible]	[illegible]
TSB Gilt Fd (Jsy) Ltd	96.80	[illegible]	[illegible]	[illegible]
Target Internat. Management (Jersey) Ltd				
Ivory Growth Fund	£13.15	[illegible]	[illegible]	[illegible]
Target Global Unit Tst	£8.68	[illegible]	[illegible]	[illegible]
[illegible]	£9.41	[illegible]	[illegible]	[illegible]
Target IPSL Daily Opps	£10.62	[illegible]	[illegible]	[illegible]
[illegible] Global Strtgy	£9.67	[illegible]	[illegible]	[illegible]
[illegible]	10.32	[illegible]	[illegible]	[illegible]
Tyndall International (Jersey) Ltd				
Gilt Fd	113.90	[illegible]	[illegible]	[illegible]
(Accum Shares)	992.24	[illegible]	[illegible]	[illegible]
Managed Currency Stg	117.3	[illegible]	[illegible]	[illegible]
Managed Currency Dlr	$1.029	[illegible]	[illegible]	[illegible]
International [illegible]	960.41	[illegible]	[illegible]	[illegible]
Warburg Asset Management Jersey Ltd				
Ck Island & Int	£1.46	[illegible]	[illegible]	[illegible]
Energy Int	$18.34	[illegible]	[illegible]	[illegible]
Mercury Bond June 12	$27.28	[illegible]	[illegible]	[illegible]
Metals Trust June 6	£13.77	[illegible]	[illegible]	[illegible]
Mert Money Mkt Stg	[illegible]	[illegible]	[illegible]	[illegible]
Mercury International Inv Tst Ltd				
Contl Europe Fd	£66.30	[illegible]	[illegible]	[illegible]
Nth America Fd	£44.02	[illegible]	[illegible]	[illegible]
Japan Fd	£45.30	[illegible]	[illegible]	[illegible]
Pacific Fd	£46.55	[illegible]	[illegible]	[illegible]
Reserve Fd	£50.10	[illegible]	[illegible]	[illegible]
Wardley Fund Managers (Jersey) Ltd				
Wardley Funds Limited				
Managed Currency Fd	$16.2[illegible]	[illegible]	[illegible]	[illegible]
Worldinvest (Managers) Ltd				
Worldinvest Inc Fd †	$227.30	[illegible]	[illegible]	[illegible]
Excalibur Global Eqty $*	$51.62	[illegible]	[illegible]	[illegible]
Excalibur Global Eqty DM*	DM19.[illegible]	[illegible]	[illegible]	[illegible]
Excalibur Global Fxd Inc DM*	DM22.6[illegible]	[illegible]	[illegible]	[illegible]
Valued weekly. * Monthly				

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

Abbey Global Investment Fund (u)

41 Ave de la Gare, L-1611, Luxembourg

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

MANAGED FUNDS NOTES

[illegible]

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	June 13	June 12	June 11	June 10	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
‡Industrials	2965.12	2961.99	2985.91	2975.40	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	93.83	93.87	94.28	94.25	95.09 (30/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1217.56	1211.57	1227.61	1223.91	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	208.38	206.99	209.32	208.75	220.89 (16/4)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

‡Day's High 2982.11 (2987.25) Low 2942.53 (2928.89)

STANDARD AND POOR'S	June 13	June 12	June 11	June 10	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite †	377.63	376.65	381.05	378.57	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	449.62	448.76	453.91	450.69	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	30.22	30.21	30.73	30.64	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	207.08	206.58	208.03	207.74	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	366.07	366.71	369.80	369.77	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	491.14	491.05	496.62	495.85	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	June 7	May 31	May 10	year ago (approx.)
Dow Industrial Div. Yield	3.05	2.99	3.14	3.71

	June 12	June 5	May 29	year ago (approx.)
S & P Industrial div. yield	2.79	2.73	2.74	2.90
S & P Indl. P/E ratio	18.91	19.34	19.24	17.07

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
RJ Nabisco	2,212,100	10⅝	+ ⅛
Glaxo Hldgs	2,073,400	41⅞	+ 1⅛
Varity Cp	2,023,300	2⅝	+ ⅛
Am Express	1,981,600	24¼	+ ⅜
Pepsico	1,921,400	30	- ⅛
IBM	1,892,300	100⅝	- ⅞
Telefonos	1,740,500	26¼xd	... .
Philip Morris	1,737,500	65⅝	- ⅛
Fannie Mae	1,458,800	48	- 1
Ford Motor	1,187,100	35⅛	- ⅛

TRADING ACTIVITY

† Volume Millions	June 13	June 12	June 11
New York	145.076	167.594	161.610
Amex	10.050	11.937	10.172
NASDAQ	127.700	156.910	140.315
Issues Traded	2,039	2,059	2,048
Rises	773	357	873
Falls	734	1,247	684
Unchanged	532	455	491
New Highs	24	25	40
New Lows	14	21	14

CANADA

TORONTO	Jun 13	Jun 12	Jun 11	Jun 10	1991 HIGH	1991 LOW
Metals & Minerals	3168.05	3180.46	3173.00	3172.59	3284.18 (5/3)	2632.06 (9/1)
Composite	3552.64	3558.12	3572.25	3569.28	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1880.98	1887.57	1894.55	1894.17	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	June 14	June 13	June 12	June 11	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1506.8	1493.3	1500.0	1486.0	1558.3 (29/4)	1204.5 (16/1)
All Mining (1/1/80)	659.0	649.2	650.5	645.8	680.1 (29/4)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	514.99	516.69	519.04	519.80	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1185.95	1180.83	1182.12	1181.28	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	365.52	363.43	361.69	365.52 (13/6)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1027.7	1032.7	1034.4	1055.0	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	490.58	489.39	494.95	491.27	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1858.17	1847.24	1849.11	1874.81	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	713.34	706.60	708.27	716.55	716.55 (11/6)	578.48 (15/1)
Commerzbank (1/12/53)	2002.5	2005.5	2016.1	2031.9	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1699.83	1692.63	1700.84	1715.80	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3639.15	3632.55†	3627.98	3631.48	3917.09 (20/5)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1399.42	1396.24	1403.09	1415.92	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	605.92	608.23	608.80	605.08	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	25093.09	24808.17	24482.69	24662.59	27146.91 (18/3)	22442.78 (16/1)
Tokyo SE (Topix) (4/1/68)	1920.58	1911.05	1897.40	1899.71	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	3331.95	3318.26	3285.35	3273.63	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	627.31	624.66	623.96	621.71	635.82 (29/5)	478.41 (16/1)
NETHERLANDS						
CBS Tll.Rtn.Gen.(End 1983)	282.9	281.8	281.8	283.0	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	201.6	200.9	201.0	201.8	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	763.43	764.10	767.05	769.98	792.13 (4/6)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1141.62	1142.15	(c)	1150.68	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	413.79	414.92	416.07	414.86	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1349.04	1368.0	1403.0	1416.0	1416.0 (10/6)	971.0 (25/2)
JSE Industrial (28/9/78)	3760.04	3724.0	3703.0	3682.0	3760.0 (14/6)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	613.71	610.05	610.96	607.85	697.62 (4/3)	604.07 (7/6)
SPAIN						
Madrid SE (30/12/85)	284.38	286.07	286.36	286.63	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1121.7	1124.6	1128.7	1125.2	1133.8 (3/6)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	757.6	749.6	752.4	759.9	766.1 (31/5)	590.4 (14/1)
SBC General (1/4/87)	628.9	623.7	626.6	631.7	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	5817.74	5775.55	5753.98	5851.16	6305.22 (9/5)	3316.26 (16/1)
THAILAND						
Bangkok SET (30/4/75)	812.68	811.00	814.69	813.41	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	501.0*	496.5	497.4	501.9	529.2 (17/4)	439.1 (16/1)

**Saturday June 8: Taiwan Weighted Price: 5914.21 Korea Comp Ex. 605.60.
‡ Subject to official recalculation. † Correction. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Good CPI data and firmer bonds lift US equities

Wall Street

GOOD news on inflation and a firmer bond market lifted share prices across the board yesterday morning, *writes Patrick Harverson in New York.*

At 1pm the Dow Jones Industrial Average was up 23.03 at 2,988.15. The more broadly-based Standard & Poor's 500 was also markedly stronger, up 2.94 at 380.57 at 1pm, while the Nasdaq composite of over-the-counter stocks rose 2.92 to 494.06. NYSE turnover was a brisk 106m shares by 1pm, and rising stocks outnumbered declining stocks by a ratio of two-to one.

The momentum for yesterday's gains came from the May consumer prices index, which rose 0.3 per cent on the month. This figure was in line with expectations, but what was particularly encouraging was the 0.2 per cent rise in core consumer inflation (where the energy and food component is stripped out). The data soothed the market's worries that inflation is creeping up as the economy moves slowly out of its recession, and prompted the rise in bond prices. By early afternoon yesterday the benchmark 30-year government bond was up almost half a point at 96⅛, to yield 8.470 per cent.

Although the technology sector performed well, IBM was a laggard. The computer maker's stock rose early on but then slipped $¼ to $100¾ as investors continue to shun a company which, by its own admission, is struggling to perform satisfactorily in a difficult business climate. Elsewhere in the sector prices were generally higher, with Digital Equipment up $1½ at $66, Compaq up $¾ at $34⅝ and Hewlett Packard up $¼ at $52½.

Engineering stocks, especially transportation equipment manufacturers, advanced strongly amid hopes that the engineering industry will thrive as the economy picks up. Leading the way were Cummins Engine, $1⅝ higher at $42⅝, Trinity Industries, $1 better at $28⅝, and Eaton, up $3 at $63¾.

Citicorp was the most actively traded NYSE stock of the morning, the banking group slipping $⅜ to $16⅝ on turnover of 3.8m shares. The bulk of that business was done in one trade of a block of 2m shares. Other banks also underperformed, with Chase Manhattan easing $⅜ to $20¼, Manufacturers Hanover staying unmoved at $25⅞, and J P Morgan dropping $¼ to $54¼. A notable exception was Southeast Banking, which jumped $⅜ to $2½ on the news that the group – which is not planning to seek Federal protection from its troubles – is talking with several banks and investors about a possible acquisition or cash infusion.

McDonald's fell $⅜ to $33⅝ in active trading on reports that senior executives have been cutting their shareholdings in the fast-food company.

Canada

TORONTO stocks were firmer at midday, reflecting sharp gains on Wall Street, but trading was slow. The composite index gained 8.0 to 3,560.6. Declines edged advances by 198 to 190 on volume of 11.7m shares.

Bombardier B shares jumped C$⅝ to C$22⅞ on volume of 119,000 shares after its Canadair subsidiary won a $100m contract to supply Boeing with rear fuselage sections.

Northern Telecom continued to climb, firming C$⅝ to C$43½ on volume of 35,000 shares. Alcan Aluminum, which rose C$⅜ to C$24¼, said it would appeal a recent court judgment which called for an environmental assessment of its $900m Kemano hydroelectric project in British Columbia.

SOUTH AFRICA

GOLD shares were steady to easier after a two-day correction in the wake of this week's highs. The all-gold index fell 19 to 1,349 while the industrial index closed at a new high of 3,760, up 36. The all-share index rose 18 to 3,286.

The dogs of 1990 come back as this year's winners

Cyclicals and banks feature in the top 10 of the FT-SE Eurotrack 100 index, writes **William Cochrane**

THE DOGS of 1990 are coming back as the top stocks of 1991. In the five months to May 31, share prices of a top 10 drawn from the FT-SE Eurotrack 100 index take in six names which were near the bottom of the table last year.

Cyclicals and banks suffered especially last autumn from the Gulf crisis, as it accelerated economic recession in Europe and affected security values. This year, they provide most of the winners.

Philips, the Dutch electricals group and the worst performer in 1990, has rallied on investors' preference for more cyclical exposure, and consequently more earnings leverage this year, says Philip van den Berg of Goldman Sachs. But he adds that its perception as a dollar beneficiary, along with other Dutch internationals, is wrong since its North American and Latin American operations are loss-making.

Still in cyclicals, carmakers are strongly represented. Volvo, which fell 56 per cent in 1990, rose by more than 72 per cent in the five months to May and has extended its gains to 87 per cent this month.

Mr Keith Hayes, European motors analyst at Paribas Capital Markets, says that the shares have been anticipating recovery after a painful 1990; they have risen, too, with a buoyant Swedish market. Domestic analysts expect the launch of the new 800 car series to solve Volvo's problems, but Mr Hayes has his doubts. He favours Volkswagen and Valeo, the French components maker, as prospects for the rest of this year.

New series, the '3' and the 'S' respectively, are behind this year's enthusiasm for BMW and Daimler. Mr Hayes observes that BMW's new upmarket model has produced a long order book and excited investors. Daimler said early this year that, in addition to increasing volume with its new model, it could put the new cars out at a price premium of 30 per cent to the old 'S' series.

Supplying the motor industry has been less enjoyable. Continental, the German tyremaker, reflects disappointment that a possible takeover bid from Pirelli Spa may now turn into another form of association. Pirelli is also in the bottom 10. It was no attraction to be linked with the Italian motor industry this year until Fiat had its recent flurry, which took it out of the Eurotrack bottom 10 towards the end of last month.

The banking sector has had mixed pickings. Swiss banks account for two of this year's top 10, in Union Bank and Swiss Bank Corporation. Mr Christopher Davis, banking analyst at Barclays de Zoete Wedd, notes that they were weak in 1990.

"Things got worse and worse for the sector last year," he says, "with acute pressure on margins, and then the need to write down securities in the year-end accounts." This followed the effect of the Gulf crisis on stock and bond values in the second half of last year.

Early this year, he says, there were interest rate changes which relieved the pressure on margins. Then, with the perceived lack of a write-down problem in 1991, banks outperformed a rising Swiss market. "This process," he remarks, "has since come to a shuddering halt."

Spanish banks account for one of the top 10, in Banco Bilbao Vizcaya (BBV), and one of the bottom stocks in Banco Central, which has continued its slide in June to show a 4.2 per cent decline on the year to date. "Central was one of the better stocks of 1990," says Mr Davis, "but it has since been confronted with the merger with Banco Hispano, which is going to be hard work."

BBV lacked quality of earnings last year, getting caught badly, he says, by the costs of a new, high interest rate deposit account which did not produce commensurate deposit growth. "Last year earnings were preserved by asset disposal," says Mr Davis. "This year banking has begun to increase its sustainable earnings once again."

The top 10 is peppered with Swedish special situations, in a market spiced bythe recent decision to link the krona with the Ecu. Skandia, the insurer, had a bad 1990, reporting a 99 per cent drop in operating profits for the first eight months. It was after this, in October, that S-E Banken took the option to buy Skandia shares at a 60 per cent premium, describing them as "exceptionally low".

Similarly, the Swiss-domiciled Tetra Pak paid premiums of between 47 and 60 per cent for various classes of shares in Alfa Laval, the packaging machinery company, in January. In April, Volvo said that it wanted to bid for Procordia, the state-affiliated pharmaceutical and food company.

Finally, the dogs of war. Ironically, it was the "defensive" stocks which signally failed this year to respond to the outbreak of war in the Gulf. Unilever is a case in point. The category also includes three utilities.

Mr Michael Crawshaw of County NatWest WoodMac says that, having outperformed on their defensive qualities last year, utilities have been neglected in 1991. Iberduero and Endesa have lagged behind some other stocks in the sector. In the restructuring of the industry under the Spanish national energy plan, they will be the bidders, rather than the takeover targets. Earlier this month Iberduero announced the terms of its merger with Hidrola – a deal seen as favouring the latter's shareholders.

Electrabel, product of last year's marriage between three Belgian utilities, EBES, Intercom and Unerg, also seems to have had a short honeymoon. Like Iberduero and Endesa it made the top 20 last year, if not the top 10.

FT-SE EUROTRACK 100 CONSTITUENTS: WINNERS AND LOSERS TO MAY 31

Top 10	Actual change %	Change* relative to Eurotrack 100 %	Bottom 10	Actual change %	Change* relative to Eurotrack 100 %
Volvo	72.45	46.98	Continental	(-8.94)	(-26.25)
Skandia	57.26	34.03	Banco Central	1.14	(-15.51)
Philips	55.67	26.22	Electrabel	4.62	(-14.36)
BMW	45.04	17.46	Mannesmann	6.29	(-13.92)
BBV	41.86	18.51	Ericsson	6.52	(-9.21)
Union Bank	37.23	11.23	Endesa	6.70	(-10.86)
Alfa Laval	36.90	16.68	Pirelli Spa	7.80	(-11.25)
Daimler	36.86	10.84	Unilever	8.58	(-11.96)
Swiss Bank Corp	35.71	10.01	Iberduero	9.25	(-8.72)
Procordia	35.17	15.21	GBL	9.52	(-10.35)

* Actual changes are in local currencies: relative gains and losses are affected by currency fluctuations.

EUROPE

Wall St exerts its influence on late-closing bourses

WALL Street exerted its influence once again, this time boosting late-closing bourses, *writes Our Markets Staff.*

PARIS opened firmer, fell on London rumours (quickly denied) that Finance Minister Pierre Bérégovoy had resigned, and ended at the day's high as Wall Street opened higher. The CAC-40 index rose 10.93 to 1,858.17, up 0.3 per cent on the week, in moderate volume of FFr2.1bn.

The construction sector was strong. Saint-Gobain ignored a warning of lower 1991 profits and added FFr5.50 to FFr458.50 on speculation that BTR of the UK was interested in buying its packaging division. Lafarge gained FFr6.50 to FFr399.50 on hopes that it would be awarded contracts linked to the construction of the high-speed TGV train track in Dallas, Texas.

The insurer Axa climbed 5.1 per cent or FFr53 to FFr1,097 following confirmation that it was awaiting regulatory approval for an investment in Equitable Life Assurance of the US.

AMSTERDAM saw short-covering before the weekend and the CBS tendency index closed 0.6 firmer at 95.9, up 1.3 per cent on the week, in light volume of Fl 431.3m.

Ahold, the retailer, rose Fl 2.30 to Fl 83.50 on higher first quarter profits.

ZURICH took heart from Wall Street, the Crédit Suisse index closing 5.0 higher at 546.3 for a fall of 0.6 per cent on the week. The firm dollar helped chemicals, Ciba-Geigy bearers rising SFr90 to SFr3,030 with additional help from option-related transactions.

FRANKFURT saw a continued swing away from blue chips. The DAX index closed 7.20, or 0.4 per cent higher at 1,699.83 after a rise of 7.28, or more than 1 per cent to 713.34 in the 100-share FAZ at midsession. Falls on the week were 0.6 per cent and 0.2 per cent respectively.

Volume rose from DM6bn to DM7.2bn as out-of-favour stocks made a comeback. Continental, DM2.50 higher yesterday at DM198.50, has put on DM10 in the past fortnight while Mannesmann, DM8.30 higher yesterday at DM296.80, shows a two-week gain of DM17.80. Porsche, DM17 higher yesterday at DM865, has recovered DM27 since the end of May; and, in retailing, Asko rose DM28 to DM874 for a DM59 gain on the week.

MILAN's leading industrials continued to rise while insurers and banks weakened again. Turnover was heavy on the final day of the June account, estimated at near Thursday's L250bn. The Comit index fell 2.31 to 605.92, down 0.2 per cent on the week.

Fiat rose L160 or 2.5 per cent to L6,615 lire before losing L85 lire on profit-taking after hours. The car company has gained more than 8 per cent this week on short-covering before the end of the account.

Shares controlled by Mr Carlo De Benedetti featured. CIR, the holding company, advanced 4.5 per cent of L130 to L3,050 while Olivetti was up L52 at L4,162.

In the insurance sector, Generali lost 1.6 per cent or L570 to L35,110. Insurance shares have weakened in recent weeks on disappointment that the government did not approve insurance companies' proposals for a 20 per cent a rise in motor insurance premiums.

MADRID featured an 11.5m share block trade in Sevillana, the utility. Dealers speculated that Endesa, one of the government's chosen vehicles in a planned restructuring of the industry, might be the buyer of the 4.1 per cent stake. Sevillana closed Pta9 higher at Pta671 as the general index fell 0.38 to 284.00, fractionally lower on the week.

FT-SE Eurotrack 100 - Jun 14

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1152.41	1151.38	1149.39	1147.79	1148.68	1149.03	1151.51	1152.21

Day's High 1152.70 Day's Low 1147.27

June 13	June 12	June 11	June 10	June 7
1149.95	1152.03	1159.97	1155.46	1156.31

Base value 1000 (26/10/90)

ASIA PACIFIC

Volume rockets as Nikkei clears 25,000

Tokyo

TRADING volume soared yesterday as share prices rose on active, index-linked orders by investment trusts, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed 285.72 higher at 25,093.89, up 0.2 per cent on the week and rising above 25,000 for the first time in five trading days. It hit a day's low of 24,824.54 on heavy arbitrage-related selling, but rose to a high of 25,135.81 in the afternoon.

Volume rocketed from 270m to 900m shares, with 500m changing hands in the first hour of the morning session. Arbitrage-related transactions dominated morning activity, as the settlement price for June futures, or special quotations, was determined yesterday.

Traders said that buying by investors and dealers with arbitrage positions between June and September helped neutralise heavy arbitrage-related selling. Investment trusts and trust banks dominated buying, with some buying orders from life insurers.

Advances led declines by 676 to 304, with 163 unchanged. The Topix index of all first section stocks gained 9.53 to 1,920.58. Smaller stocks were also strong with the second section index adding 21.67 to 3,333.93 and the over-the-counter market index rising 15.64 to 3,333.78. In London, the ISE/Nikkei 50 index rose 1.26 to 1,433.10.

Rumours of an imminent discount rate cut once again ran through the market; large-capital issues were stronger. Nippon Steel added Y7 to Y430, and Mitsubishi Heavy Industries rose Y2 to Y723.

Electricals were bought by US pension funds. Matsushita rose Y10 to Y1,690. Cosmo Oil, the most active issue of the day, rose Y15 to Y870 after hitting the year's high of Y880. Investors were encouraged by the company's strong business projections.

Shin Meiwa Industry, the sky car park builder, gained Y10 to Y1,520 on reports that the government and private companies will cooperate on parking lots in urban areas.

Calpis Food Industry, the food maker, rose Y30 to the year's high of Y1,350on strong sales of its new beverage.

In Osaka, the OSE average rose 311.95 to 27,921.54 in 38m shares. Constructions and pharmaceuticals were stronger, while some industrial machineries were weaker.

Roundup

WALL Street's overnight rise helped lift many Pacific Rim markets yesterday.

AUSTRALIA gained in quiet trading. The All Ordinaries index rose 13.5 to 1,506.8, up 1.9 per cent on the week. Turnover eased to A$178m from A$289m. Coles Myer rose 10 cents to A$11.00 after saying it would exercise its right to redeem A$70.4m of subordinated convertible Eurobonds issued in 1987. Improved profit forecasts from ANZ lifted banks. ANZ and NAB rose 6 cents to A$3.57 and A$6.64 respectively.

SEOUL was lifted by the government's market-boosting measures announced late on Thursday. The composite index closed down 3.66 at 613.71, up 1.6 per cent on the week, in turnover of Won119.5bn. Under Thursday's measures, local firms will be allowed to set the prices of newly supplied stocks as they wish. Previously they could not discount the prices by more than 30 per cent to market prices.

NEW ZEALAND was lifted by late buying. The Barclays index closed 9.26 higher at 1,422.28, down 1.6 per cent on the week. Turnover was steady at NZ$11.5m after NZ$11.2m.

TAIWAN ended higher but well below its midsession high. The weighted index advanced 42.19 to 5,817.74, up 0.2 per cent on the week, but was off its intraday high of 5,864. Turnover rose to T$27.51bn from T$23.38bn. The market is closed on Monday.

SINGAPORE ended mostly lower. The Straits Times industrials index finished 9.17 down at 1,527.50, down 1.5 per cent on the week. Turnover fell to S$66.13m from S$87.74m.

Metro Holdings fell 20 cents to S$6.00 on doubts that the Stock Exchange will approve its proposed scrip issue.

HONG KONG edged higher in thin trading ahead of the four-day holiday weekend, boosted by the premium of the June index futures contract to the cash market. The Hang Seng index rose 6.60 to 3,639.15, little changed on the week. Turnover fell to HK$698m from HK$788m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JUNE 13 1991								WEDNESDAY JUNE 12 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (70)	135.70	−0.9	122.83	121.25	126.85	119.82	−0.6	5.46	136.95	123.39	122.84	127.59	120.55	147.30	112.74	138.25
Austria (20)	190.29	−2.2	172.24	170.03	177.88	178.21	−1.3	1.53	194.57	175.31	174.53	181.27	180.49	222.37	167.00	243.63
Belgium (49)	128.51	−0.5	116.32	114.82	120.13	117.58	+0.3	5.02	129.22	116.43	115.90	120.39	117.27	151.20	121.73	150.28
Canada (115)	141.31	−0.2	127.90	126.25	132.08	117.11	−0.1	3.32	141.55	127.54	126.96	131.87	117.26	142.27	126.49	138.83
Denmark (37)	238.42	−0.1	215.80	213.03	222.87	224.47	+0.2	1.50	238.70	215.07	214.11	222.39	224.09	270.56	217.74	260.03
Finland (16)	105.55	−2.4	95.54	94.32	98.67	94.34	−1.3	2.40	108.19	97.48	97.05	100.80	95.58	125.15	90.61	136.69
France (114)	131.97	−0.6	119.45	117.90	123.35	126.22	−0.2	3.50	132.76	119.62	119.08	123.68	126.51	152.26	121.85	158.00
Germany (65)	109.46	−0.9	99.08	97.82	102.32	102.32	−0.6	2.19	110.44	99.50	99.07	102.89	102.89	125.35	102.43	125.12
Hong Kong (55)	151.71	+0.1	137.32	135.55	141.82	150.59	+0.1	5.15	151.60	136.60	135.98	141.25	150.45	161.77	119.62	131.71
Ireland (16)	146.88	−1.2	132.95	131.24	137.30	139.18	−0.7	3.67	148.70	133.98	133.38	138.54	140.20	182.46	132.88	189.85
Italy (77)	78.09	−0.5	70.68	69.77	72.99	77.96	−0.1	2.97	78.48	70.71	70.39	73.12	78.01	88.23	72.05	106.45
Japan (474)	131.82	+1.1	119.31	117.78	123.23	117.78	+0.7	0.71	130.38	117.48	116.95	121.49	116.95	146.97	118.35	150.18
Malaysia (68)	234.66	−0.5	212.40	209.65	219.35	252.56	−0.1	2.58	235.89	212.54	211.58	219.76	252.83	247.78	192.83	228.18
Mexico (15)	996.81	−2.9	902.23	890.65	931.79	3286.47	−2.9	1.98	1026.71	925.06	920.93	956.54	3385.05	1079.72	534.45	531.37
Netherland (31)	135.07	−0.2	122.26	120.69	126.27	124.84	+0.1	4.32	135.41	122.01	121.46	126.16	124.72	145.73	125.70	139.68
New Zealand (13)	47.05	+0.1	42.58	42.04	43.98	43.73	+0.5	8.07	47.00	42.34	42.16	43.79	43.54	54.64	41.16	64.79
Norway (32)	191.29	−1.3	173.14	170.92	178.82	182.33	−0.5	1.61	193.79	174.60	173.83	180.55	183.27	223.24	182.24	235.46
Singapore (38)	200.67	−1.0	181.63	179.30	187.58	165.44	−0.8	2.05	202.61	182.55	181.74	188.76	166.85	208.25	151.63	205.61
South Africa (61)	220.39	−1.4	199.48	196.91	206.01	163.58	−0.4	3.35	223.53	201.40	200.49	208.24	164.19	225.15	173.00	172.47
Spain (55)	152.96	−1.2	138.45	136.67	142.98	129.26	−0.6	4.13	154.87	139.54	138.92	144.28	130.06	171.12	131.51	160.84
Sweden (26)	186.28	−0.5	168.60	166.44	174.13	178.49	+0.0	2.48	187.19	168.66	167.91	174.40	178.53	204.12	146.60	213.65
Switzerland (58)	89.68	−0.9	81.17	80.13	83.84	85.48	−0.5	2.24	90.49	81.53	81.17	84.31	85.94	100.67	82.17	103.55
United Kingdom (239)	164.82	−0.6	149.18	147.26	154.06	149.18	−0.2	4.92	165.87	149.45	148.77	154.52	149.45	187.44	156.27	165.72
USA (525)	152.93	+0.2	138.42	136.65	142.96	152.93	+0.2	3.17	152.57	137.46	136.86	142.15	152.57	158.24	125.95	146.73
Europe (837)	134.51	−0.7	121.75	120.19	125.75	128.99	−0.3	3.84	135.45	122.04	121.49	126.20	124.31	151.52	125.50	147.50
Nordic (111)	179.55	−0.5	162.51	160.43	167.84	164.00	+0.0	1.95	180.44	162.57	161.85	168.11	164.07	200.81	155.55	205.60
Pacific Basin (718)	132.36	+0.9	119.80	118.26	123.73	118.63	+0.6	1.08	131.11	118.13	117.61	122.15	117.91	145.92	117.86	149.00
Euro−Pacific (1555)	133.54	+0.3	120.87	119.31	124.83	121.84	+0.3	2.18	133.16	119.98	119.43	124.05	121.32	147.66	121.29	148.79
North America (640)	152.12	+0.2	137.69	135.94	142.22	150.53	+0.2	3.18	151.80	136.77	136.17	141.45	150.20	157.04	125.91	146.15
Europe Ex. UK (598)	115.98	−0.7	104.98	103.65	108.44	109.24	−0.3	3.07	116.84	105.27	104.82	108.87	109.58	129.80	106.85	135.16
Pacific Ex. Japan (244)	137.32	−0.5	124.29	122.71	128.37	124.52	−0.3	4.72	138.02	124.35	123.82	128.60	124.89	145.86	111.40	134.25
World Ex. US (1746)	135.18	+0.2	122.35	120.79	126.37	122.68	+0.2	2.24	134.87	121.52	120.99	125.66	122.40	148.16	122.32	148.91
World Ex. UK (2032)	137.78	+0.3	124.71	123.11	128.81	130.38	+0.3	2.33	137.33	123.73	123.19	127.96	130.03	145.77	120.06	145.17
World Ex. So. Af. (2210)	139.65	+0.3	126.40	124.79	130.55	131.94	+0.2	2.57	139.30	125.51	124.96	129.79	131.63	148.66	122.92	146.83
World Ex. Japan (1797)	145.90	−0.2	132.06	130.37	136.40	139.93	+0.0	3.49	146.17	131.70	131.12	136.20	139.92	152.83	126.69	146.79
The World Index (2271)	140.16	+0.2	126.86	125.23	131.02	132.20	+0.2	2.58	139.83	125.99	125.43	130.29	131.90	149.01	123.28	146.98

Latest prices were unavalible for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
99⅞	98⅛	Treas 10pc Cv '91 ‡‡	99⅞	.....	10.01	11.28
100¼	99¼	Exch. 11pc 1991	100	.....	11.00	10.78
98⅞	96⅝	Treas. 8pc 1991	98⅝	.....	8.10	10.48
101½	100⅛	Treas 12¾pc 1992‡‡	101¼	.....	12.59	10.45
99¾	97⅛	Treas 10pc 1992	99⅞	.....	10.03	10.44
98¼	95⅛	Treas. 8pc 1992 ‡‡	98⅛	.....	8.15	10.25
100⅝	98½	Treas 10½pc Cv 1992‡‡	100⅛	.....	10.49	10.36
95⅛	91⅛	Treas. 3pc 1992	95⅛	.....	3.16	8.24
102⅝	100⅝	Exch. 12¼pc '92	102⅛	.....	12.00	10.35
104⅛	102⅛	Exch 13½pc 1992	103⅝	.....	13.03	10.29
97⅛	94	Treas 8¾pc 1993	97⅛	+⅛	8.50	10.24
99¾	97⅛	Treas 10pc 1993‡‡	99⅞	.....	10.04	10.27
104⅜	102⅛	Treas 12½pc 1993‡‡	104⅛	.....	12.01	10.29
93⅛	89⅛	Funding 6pc 1993‡‡	93⅛	.....	6.45	9.47
108⅛	105⅛	Treas 13¾pc 1993‡‡	107⅛	.....	12.84	10.36
96	92⅛	Treas. 8½pc 1994	95⅛	.....	8.88	10.35
111⅛	108⅛	Treas 14½pc 1994‡‡	109⅞	−⅛	13.22	10.28
109	105⅛	Exch 13½pc 1994	107⅛	.....	12.57	10.40
99⅞	96⅛	Treas. 10pc Ln. 1994‡‡	99⅛	.....	10.08	10.32
106⅛	103⅛	Exch. 12½pc 1994	105⅛	−⅛	11.86	10.44
96¾	93¼	Treas 9pc 1994‡‡	96⅛	.....	9.37	10.38
106⅛	102⅛	Treas 12pc 1995	104⅝	−⅛	11.47	10.42
89	82⅛	Exch 3pc Gas 90-95	87	.....	3.45	6.78
100⅞	96⅞	Exch. 10¼pc 1995	99½xd	.....	10.30	10.41
109⅞	105⅛	Treas 12¾pc 1995‡‡	107⅞	−⅛	11.81	10.43
113⅞	109⅞	Treas. 14pc '96	111⅝	−⅛	12.54	10.70
96½	92⅞	Treas. 9pc 1992-96‡‡	95⅛	−⅛	9.39	10.09
119⅞	115⅞	Treas 15¼pc 1996‡‡	117	−⅛	13.03	10.67
112¼	108	Exch 13¼pc 1996‡‡	109¾	−⅛	12.07	10.63
		Five to Fifteen Years				
100⅛	95⅛	Conversion 10pc 1996	98⅛	−⅛	10.17	10.39
99⅛	98⅛	Do. 10pc 1996 B	98⅛	−⅛	10.11	10.26
113⅞	108⅞	Treas 13¼pc 1997‡‡	110⅞	−⅛	11.97	10.64
102⅛	97¼	Exch 10½pc 1997	100	−⅛	10.50	10.49
94⅞	89⅞	Treas 8¾pc 1997‡‡	92⅛	−⅛	9.48	10.44
122⅞	117	Exch 15pc 1997	118⅞	−⅛	12.61	10.79
98⅞	93⅛	Exch. 9¾pc 1998	96⅛xd	−⅛	10.12	10.51
85⅞	80⅛	Treas 6¾pc 1995-98‡‡	84⅞	−⅛	8.00	9.94
127⅞	121⅛	Treas. 15½pc '98‡‡	123⅛	−⅛	12.54	10.72
109⅞	104⅛	Exch. 12pc 1998	106⅞	−⅛	11.22	10.62
97⅞	92⅞	Treas 9½pc 1999‡‡	95⅞	−⅛	9.96	10.39
111⅞	105⅞	Exch. 12¼pc 1999	108⅛	−⅛	11.32	10.64
102⅛	97⅛	Treas. 10½pc 1999	99⅞	−⅛	10.53	10.55
101⅛	95⅞	Conversion 10¼pc 1999	98⅛	−⅛	10.43	10.53
94⅞	89⅛	Conversion 9pc 2000‡‡	92⅛	−⅛	9.77	10.39
116⅛	110⅛	Treas. 13pc 2000	112⅞	−⅛	11.51	10.73
100⅛	94⅛	Treas 10pc 2001	96⅞	−⅛	10.31	10.49
118⅞	113⅛	Treas. 14pc '98-01	115	−⅛	12.17	10.85
98⅛	92⅞	Treas 9¾pc 2002	94⅞	−⅛	10.27	10.52

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
100⅞	94⅛	Treas 10pc 2003	96½	−⅛	10.36	10.50
108¼	102	Treas. 11½pc 2001-04	104⅞	−⅛	10.99	10.72
58⅞	53⅛	Funding 3½pc '99-04	56⅞	−⅛	6.18	9.30
97⅛	90⅞	Conversion 9½pc 2004	93¼	−⅛	10.19	10.45
97¼	90⅞	Conversion 9½pc 2005	93⅞	−⅛	10.18	10.42
118⅛	111	Treas. 12½pc 2003-05	113⅛	−⅛	11.05	10.56
		Over Fifteen Years				
85⅛	79⅞	Treas. 8pc 2002-06‡‡	81⅞	−⅛	9.77	10.39
112½	105⅞	Treas. 11¾pc 2003-07	108	−⅛	10.88	10.53
90⅛	84⅛	Treas 8½pc 2007 ‡‡	86¼	−⅛	9.86	10.26
125⅛	118⅛	Treas. 13½pc '04-08	120½	−⅛	11.20	10.53
94⅞	88⅞	Treas. 9pc 2008 ‡‡	90⅞	−⅛	9.96	10.19
94⅛	90⅛	Do. 9pc 2008 C	90⅞	−⅛	9.71	10.19
85⅞	80	Treas 8pc 2009	82	−⅛	9.76	10.19
94⅛	88⅛	Conv 9pc Ln 2011 ‡‡	90⅛	−⅛	9.99	10.17
63⅛	58⅛	Treas. 5½pc 2008-12‡‡	60⅛	−⅛	9.16	10.10
82⅛	76⅞	Treas. 7¾pc 2012-15‡‡	78⅞	−⅛	9.88	10.17
121⅛	113⅛	Exch. 12pc '13-'17	115⅞	−⅛	10.38	10.20
		Undated				
40⅛	37⅛	Consols 4pc	38⅛	−⅛	10.41	–
35⅞	33⅛	War Loan 3½pc‡‡	34⅛	−⅛	10.22	–
59⅞	57⅞	Conv. 3½pc '61 Aft	58⅛	−⅛	6.03	–
29⅞	28⅛	Treas. 3pc '66 Aft	28⅛	−⅛	10.43	–
25⅛	23⅛	Consols 2½pc	24¼xd	−⅛	10.31	–
25¼	23⅞	Treas. 2½pc	24	−⅛	10.42	–

Index-Linked

1991 High	1991 Low	Stock	(b)	Price £	+ or −	(1)	(2)
129⅞	125⅞	Tr. 2pc '92‡‡	(97.8)	129⅞	+⅛	1.84	5.04
118⅞	115⅞	Do. 2 '94	(102.9)	117⅞	+⅛	3.67	4.50
172⅞	168⅞	Do. 2pc '96	(67.9)	171⅞	+⅛	3.70	4.17
142⅛	137⅛	Do 2½pc '01	(78.3)	141⅛	+⅛	3.99	4.27
138⅛	133	Do. 2½pc '03	(78.8)	137⅛	+⅛	4.07	4.31
140⅛	135	Do. 2pc '06	(69.5)	138⅞xd	+⅛	4.14	4.33
128⅛	124⅛	Do. 2½pc '09	(78.8)	127⅛	+⅛	4.17	4.35
132⅞	128⅞	Do. 2½pc '11	(74.6)	131⅞	+⅛	4.17	4.34
109⅛	105⅛	Do. 2½pc '13	(89.2)	107⅞	+⅛	4.18	4.33
117½	113⅛	Do. 2½pc '16	(81.6)	116⅛	+⅛	4.15	4.29
113⅞	109⅞	Do. 2½pc '20	(83.0)	111⅛	+⅛	4.11	4.24
95⅛	91⅞	Do. 2½pc '24‡‡	(97.7)	92⅞	+⅛	4.07	4.19

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for October 1990: 130.3 and for May 1991: 133.5.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
102	95⅞	African Dv Bk 11¼ Ln 2010	98⅞	−⅛	11.27	11.29
97⅞	91⅞	Asian Dev Bk 10¼pcLn2009	94⅞	−⅛	10.83	10.93
112⅛	105⅞	Int-Am Dev Bk 12½pc 2003	108⅞	−¼	11.48	11.11
92⅞	86⅞	Do. 9¾pcLn 2015	89⅞	−⅛	10.91	11.00
122	101	Utd. Mexican States 16½pc 2008	122	.....	13.52	12.11

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
103½	100½	Birmingham 11½pc 2012	100½	.....	11.44	11.44
96½	93½	GLC 6¾pc 1990-92	96½	.....	6.99	11.20
115½	110½	Leeds 13½pc 2006	114½	.....	11.79	11.44
30	28	Liverpool 3½pc Irred	30	.....	11.67	–
27	26	LCC 3pc '20 Aft	26	.....	11.54	–
103½	97½	Manchester 11½pc 2007	100½	.....	11.44	11.47

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
90	84½	Sth Rhod. 87-92 Asstd	90	.....	–	–

LOANS

Building Societies

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
104½	102½	N'wide Anglia 3¾pc Ln 2021	103½	.....	–	5.46
107	104½	Do. 4.25pcIL '24	105½	.....	–	5.06

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
53	52	Met. Wtr. 3pc 'B'	52	.....	5.77	9.70

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
50	50	Greek 7pc Ass	50	.....	3.50	f7.00
50	50	Do. 6pc 28 Stb. Ass	50	.....	3	f6.00
50	50	Do 4pc Mixed Ass	50	.....	2	f4.00
55	55	Hung. '24 Ass	55	.....	2.75	f3.57
128	120⅞	Hydro Quebec 15pc 2011	124¼	−⅛	12.89	11.81

Continued on next page

LONDON SHARE SERVICE

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AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30⅞	20¾	Abbott Laboratories1	30¼	–⅛	$1.00	–	1.9
385p	257p	♦Allegheny & W 1c.	321p	....	30c	–	5.5
10⅛	667p	Amdahl 5c.	983pxd	–10	10c	–	0.6
39¼	25¾	Amer. Cyanamid $5.	39¼	+⅜	$1.50	–	2.3
17⅞	9⅞	Amer. Express 60c.	14⅞xd	+⅛	92c	–	3.7
22⅞	15¼	American T. & T. $1	22⅛xd	+⅛	$1.32	–	3.5
38⅞	32½	Ameritech $1	35	+⅛	$3.16	–	5.3
23⅞	12⅛	BankAmerica $1⅜	23xd	–⅛	$1.20	–	3.1
34¼	20⅞	Bankers N Y. $1	33⅛xd	–⅞	$1.52	–	8.7
29⅞	24¼	Bell Atlantic $1	28⅛xd	+⅛	$2.36	–	5.0
31¼	25	BellSouth Corp.	28⅞	+⅛	$2.68	–	5.5
10⅛	6⅞	♦Bethlehem Steel $8	10xd	–⅛	40c	–	2.4
1826p	1046p	Bowater Inc.	1812p	–14	$1.20	–	3.9
9½	4½	Brunswick 75c.	8⅞xd	....	44c	–	2.9
52⅞	37⅞	CPC Intl. 25c.	52⅞xd	+⅛	$2.00	–	2.2
852p	420p	California Engy	726p	....	–	–	–
50	28¼	Campbell Soup 15c.	45⅝xd	+⅞	$1.16	–	1.5
12⅝	5⅞	Chase Manhattan $12½	12⅛xd	+⅛	$1.20	–	5.6
8⅞	5½	Chrysler $6¼	8⅛xd	–⅛	60c	–	4.1
10⅞	5⅞	Citicorp $1	10¼xd	+⅛	$1.00	–	5.8
24⅞	21⅞	Colgate-Palmolive $1	24⅜xd	+¼	$1.06	–	2.6
845p	438p	Cont'l Bank Corp $4	829p	–4	$1.00	–	7.1
21⅞	13⅞	Dana Corp. $1	20⅝xd	+⅛	$1.60	–	4.6
1056p	203p	Data General	967p	–11	–	–	–
21⅞	12⅞	Dial Crop. $1.5	21⅞xd	+⅞	$1.40	–	3.8
29⅝	20¾	Dun & Bradstreet $1	29⅝	+⅛	$2.16	–	4.4
37⅞	24¼	Eaton Corpn 50c.	37⅛	+½	$2.20	–	–
8¼	5⅛	Echlin Inc.	8¼xd	....	70c	–	5.1
18⅞	14⅞	FPL Group 1c.	18⅛xd	+⅛	$2.40	–	7.7
29⅞	17⅞	Fluor Corp 62½pc.	29⅛xd	+¼	32c	–	0.6
21¼	13⅛	Ford Motor $1	21⅛xd	....	$1.60	–	2.7
45⅞	28⅞	Gen. Elect. 63c.	45⅞xd	+½	$2.04	–	2.6
566p	270p	♦General Host Corp $1	550p	....	34c	–	3.7
45⅛	20⅞	Gillette $1	21⅞xd	+⅛	62c	–	1.7
91p	33p	Gt American Bank $1	98p	....	–	–	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LONDON SHARE SERVICE

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LEISURE

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
492	255	Airtours 10p	445	.....	8.25	3.1	2.5	17.5
109	77½	Allied Leis. 5p	93	.....	4.75	3.5	6.8	6.5
246	172	Anglia TV	173	.....	9.26	2.4	7.1	7.9
31	14	Avesco 1p	16½	–½	1.5	3.9	12.1	2.3
9	4½	BCE Hldgs 5p	5	.....	–	–	–	–
178	125	Barr & W.A.T. 'A'	158	.....	9.75	1.6	8.2	10.2
685	425	Boosey & Hawkes	653	+6	16.4	2.7	3.3	13.1
43	24	Border T.V.	42½	+½	2.1	1.1	6.6	19.0
88	17	Brent Walker 10p	29	+5	5.0	–	23.0	–
28	4	Do 6pc Cv Cm Rd Pf £1	11	+2	6.0	–	–	–
58	43	Buckingham Int'l. 10p	52	.....	2.1	1.8	5.4	12.1
343	189	Campari Int. 20p	335	+14	11.0	2.9	4.4	9.2
208	134	Capital Radio 2½p	178xd	–1	5.25	2.9	3.9	11.7
507	350	Carlton Comms 5p	489	–1	14.1	2.4	3.9	13.5
81	61	Do. 6.5p Prf 5p	76	.....	6.5	–	11.4	–
253	168	Castle Comms. 5p	233	.....	8.5	1.7	4.9	15.6
653	480	Central ITV	642xd	.....	28.5	1.4	5.9	15.7
158	120	Chiltern Radio 10p	147	.....	14.8	2.6	4.4	11.2
89	39	Chrysalis	79	.....	2.0			–
69	31	Cityvision 5p	34	–1	1.0	7.0	3.9	4.5
6	3	Classic Th'tres	5½	.....	–	–	–	–
468	361	Compass Group 5p	401	–9	10.35	2.8	3.5	13.9
1243	900	Euro Disney Fr10	1288	–27	–	–	–	–
30	9	European Leis.	13	+1	1.7	2.2	17.4	2.2
45	22	Ex Lands 10p	35	–2	–	–	–	–
47	21½	Expedier 20p	32	–1	1.0	2.7	4.2	8.6
563	405	Fairline Boats 10p	529	.....	21.0	4.1	5.4	6.0
276	188	First Leisure	254	+1	15.05	2.6	2.7	17.1
253	195	GWR Group 20p	231	.....	6.0	3.2		12.0
75	62	Grampian TVA 10p	67xd	.....	4.1		8.2	
8	6	Greenwich Comm. 1p	6	.....	–	–	–	–
63	33	HTV Ord	34½	+½	3.75	1.2	14.5	8.0
145	55	Hi-Tec Sports	135	.....	5.0		4.9	
4½	3	Int'l Media Comm. 1p	3½	.....	–	–	–	–
64	30	Intl. Resort Hldgs	59	.....	3.2	2.5		5.1
75	49	Jarvis Sound 10p	65	.....	1.8	4.2	2.1	20.4
47	32½	Kunick 10p	35	.....	2.0	2.2	8.1	7.9
88	53	Do. 8½pc Pf. 5p	77	.....	8.25	–	14.3	–
99	80	LWT Hldgs	98xd	.....	3.94	–	5.4	–
353	193	Martin Dens. 50p	290	.....	5.0	–	3.3	–
179	124	Metro Radio Grp 5p	158xd	.....	5.0	3.0	4.4	10.1
102	89	Midlands Radio 10p	93	.....	4.5	1.7		12.2

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT—Contd

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

IRISH

9pc Cap Ln. 1996	£98¾	.....
Fin. 13% 97/02	£115	.....
Arnotts	165	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit. Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen.	36
Lex Service	20
Lloyds Bank	30
Lucas Inds.	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect.	18
RHM	20
Rank Org Ord	63
Razners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	40

Property	
Brit Land	30
Control Secs	3
Land Securities	45
MEPC	40
Mountleigh	8½

Oils	
Aviva Petm	5
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	30

Mines	
Lonrho	21
RTZ	48

FINANCIAL TIMES
Weekend June 15/June 16 1991

UK inflation below 6% for first time in three years

By Peter Norman, Economics Correspondent

BRITAIN'S inflation rate fell below 6 per cent for the first time in nearly three years last month, prompting Mr Norman Lamont, the chancellor, to predict economic recovery.

Rather than cut interest rates, the Bank of England signalled to financial markets that it wants the current 11.5 per cent base rate unchanged for at least next week.

The Central Statistical Office reported that the retail prices index increased by 0.3 per cent in May, resulting in an annual inflation rate of 5.8 per cent last month. Lower mortgage interest rates and a fall in seasonal food prices helped push down the year-on-year increase below April's 6.4 per cent.

Underlying inflation, which the government now measures in terms of the retail prices index minus mortgage interest payments, proved more stubborn. It fell to an annual 6.6 per cent last month from 6.8 per cent in April.

However, the main reason why the Bank decided to underline the current base rate by lending £665m to the money market at 11.5 per cent for 10 days was the relative weakness of sterling. The pound declined by 1 pfennig to DM2.935 while its trade weighted exchange rate index fell to 89.8 from 90.1.

Over the week, sterling has lost 2.5 pfennigs and fallen through its DM2.95 central rate in the exchange rate mechanism of the European Monetary System. Measured against the sterling index, it lost 1.3 per cent of its value as the disputes about Europe inside the Conservative party and Labour's lead in the opinion polls eroded international confidence in the currency.

Yesterday's inflation news was welcomed by Mr Lamont. He said that it was "quite clear" that inflation was abating and that the government was on track to achieve its target of 4 per cent retail prices inflation by the fourth quarter of this year. He predicted that lower inflation would cause business confidence to pick up and create the conditions for durable growth. "Of course this will not happen overnight," he said. "But we are on the road to recovery."

Mr Lamont rejected calls for the government to boost economic activity through radical cuts in interest rates. Kick-starting or fine tuning the economy would "be to return to the errors of the past."

This was disputed by the opposition parties. Mr John Smith, shadow chancellor, said: "Falling inflation will not automatically bring about a recovery as the government complacently assumes. We urgently need a cut in interest rates."

Mr Alan Beith, the Liberal Democrats Treasury spokesman, called on the government "to tackle inflation in ways that do not put thousands on the dole queue..."

The outlook is for further falls in the annual rate of retail price inflation as recently announced mortgage rate cuts feed through into the figures.

The general index of retail prices in May was 133.5 (January 1987 equals 100) after 133.1 in April.

Editorial Comment, Page 8
Lamont's cautious line, Page 9
Currencies, Page 13

Walesa threatens to dissolve parliament

By Christopher Bobinski in Warsaw

POLISH PRESIDENT Mr Lech Walesa yesterday threatened to dissolve the country's parliament if it refused to follow his wishes on a new draft election law.

The threat was made on the eve of a parliamentary debate today on the draft, which has been prepared by the parliament's constitutional committee. This incorporates almost all the president's suggestions.

Mr Walesa's move follows the parliament's narrow failure on Thursday to get the two thirds majority needed to overturn a presidential veto on a draft election law previously adopted by parliament.

The constitutional committee's new draft accepts most of the amendments demanded by Mr Walesa except one asking for political activity to be allowed on Catholic church premises. Mr Walesa's most important point, that the proportional electoral system should strengthen political parties and their leaderships and minimise the chances of independent candidates, is accepted.

The Centre Agreement, Mr Walesa's most loyal supporters, agree on this with the SdRP, the post-communist party.

Mr Walesa has always argued that the draft as it originally stood would produce a fragmented parliament and unstable governments. He evidently fears that a majority of deputies at present in parliament hope to be re-elected on an individual basis and will vote today to defy him.

The move is part of a continuing struggle in which the president sees himself as a national leader democratically elected last December facing a parliament elected in 1989 in a poll where 65 per cent of seats were reserved for the then ruling Communists and their allies. Poland, unlike other post-communist Eastern European countries, has yet to hold an entirely free parliamentary election.

Polish investment law, Page 2

Colin Beere

Sir Bob Reid, British Rail chairman, leaves the Old Bailey where BR was fined £250,000 after admitting charges arising from the Clapham rail disaster when 35 people died Page 6

Sweden to apply for EC membership next month

By Robert Taylor in Stockholm

SWEDEN will apply to join the European Community on July 1, the start of a process which the prime minister, Mr Ingvar Carlsson, hopes will end with full membership by 1995.

Mr Carlsson told the Stockholm parliament yesterday that his government believed EC membership was "compatible" with Sweden's policy of neutrality.

The prime minister has a tight timetable in mind for Swedish membership. He hopes negotiations with the EC can start early in 1993 and be completed successfully by the end of that year.

A national referendum to ratify entry terms would then be held in September 1994, to coincide with the general election after next. Full membership could thus take place on January 1 1995.

The announcement was greeted positively in Community capitals. Mr Helmut Kohl, the German chancellor, said it "was of importance to the whole growth of Europe". The British government also warmly welcomed Mr Carlsson's declaration. It said it could not prejudge the European Commission's attitude to the Swedish application, but added: "No doubt the Commission will take account of the fact that Sweden is a long-established democracy with an advanced market economy."

Sweden's non-EC Nordic neighbours took a more cautious view. The Finnish government said it would "carefully study" the Swedish application and "assess its significance from Finland's point of view". Finland's priority remained to establish a European Economic Area (EEA) between the EC and the European Free Trade Association.

Mrs Gro Harlem Brundtland, the Norwegian prime minister, thought Sweden was making "a sensible judgment" but also wanted to concentrate on creation of the EEA.

Mr Carlsson's statement was drawn up after consultation with leaders of the main opposition parties who also support Community membership. Only the Communists and the Greens expressed criticism.

Mr Carlsson said: "Sweden shares the EC's long-term goals, as formulated in the Treaty of Rome and the Single European Act, and we want to work for their realisation together with the other members of the Community." He emphasised that, when it becomes a member, Sweden "is prepared to participate actively" in attempts to establish political union.

The main part of Mr Carlsson's address was aimed to assure doubters that membership would not threaten the country's neutral security policy. "It will be possible to avoid commitments which would compromise the credibility of Swedish security policy," he told MPs.

"Sweden cannot take part in a common defence policy or a mutual defence commitment within the EC framework," he said.

BAe chief knighted in birthday honours

By Alison Smith and Michiyo Nakamoto

SIR Norman Macfarlane and Professor Roland Smith are among prominent industrialists named today in the Queen's birthday honours list along with a broader-than-usual range of politicians.

Sir Norman, chairman of the Macfarlane Group which makes and distributes plastic mouldings and packaging, is one of the four new life peers. He took over the chairmanship of Guinness in the wake of the Distillers takeover scandal, and is currently the company's joint deputy chairman.

Prof Smith, who receives a knighthood, is best known for his role as chairman of British Aerospace, though he holds numerous directorships including a non-executive directorship of the Bank and England.

Among the political honours there are knighthoods for Mr Teddy Taylor MP, a persistent critic of the European Community, and for Mr Patrick Duffy, who becomes the first sitting Labour MP to be knighted since the Labour party stopped making nominations for political honours during the 1970s.

The other life peers in this, the first list to be drawn up entirely during Mr John Major's premiership, are Group-Captain Leonard Cheshire, the founder of the Cheshire Foundation, which runs homes for the disabled; Mrs Pauline Perry, the director of the South Bank Polytechnic in London; and Professor Robert Skidelsky, professor of international studies at Warwick university.

Mr David Lees, chairman and chief executive of GKN, the engineering company, and a non-executive director of the Bank of England, becomes a knight, as does Mr Anthony Gill, chairman and chief executive of Lucas Industries, the aerospace and automotive group. Mr Lees is president of the Engineering Employers Federation

Mr Michael Bishop, chairman of British Midland Airways, who recently became deputy chairman of Channel 4 and Mr David Calcutt, a QC and chairman of the Takeover Panel who headed the committee that led to the setting up of the Press Complaints Commission, are also knighted.

Political knighthoods go to Mr John Cope MP, Mr Robert Rhodes James MP, and Mr Ian Stewart MP. Three other MPs, Sir Paul Dean, Mr Archie Hamilton and Sir Wyn Roberts become privy counsellors.

Other businessmen knighted are Mr Christopher Harding, chairman of British Nuclear Fuels, Mr Michael Joughin, chairman of Scottish Hydro-Electric and Mr Harry Solomon, chairman of Hillsdown Holdings.

Women make up 24 per cent of the 1004 people honoured – a modest advance on the 23 per cent in the last list.

Details, Page 6

BTR

Continued from Page 1

start of the year. "I felt that I needed a different challenge and could make even better use of my experience elsewhere," he said.

Ms O'Donovan, who appeared nervous when questioned about her new role yesterday, said she had been involved in examination of various aspects of BTR's business in each of the past 13 years, starting "at grassroots level". She described initial reaction to her appointment as "positive". Mr David Wilson, marketing partner of Ernst & Young, said: "She is regarded as being very direct and very commercial."

Mr Jackson, who took over as BTR's chief executive in January, said there would be no change in the way the finance director's role was viewed within the company.

There might, however, be some "re-emphasis" of the group's strict system of financial controls. "I don't believe the finance director should be regarded as the deputy managing director or the head of strategy," he said. "I think we need someone who is extraordinarily competent at controlling the finances of all aspects of the group."

THE LEX COLUMN

The Tories in the money trap

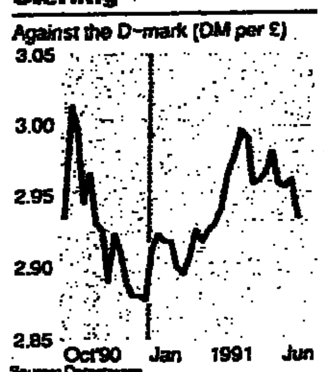
It begins to look as if the government is caught in a nasty trap over interest rates. Yesterday's sterling slide shows the foreign exchange market is running scared over the possibility of a Labour election victory, which it fears – rightly or wrongly – would be followed by a devaluation within the ERM. Although headline inflation is now below 6 per cent, yesterday's drop in the pound scuppered immediate hopes of another cut in interest rates, delaying still further the economic recovery which would help restore Tory standing in the polls.

Pressure on the exchange rate may ease as the market settles to the notion that there will be no election until next year. It was also worsened yesterday by weakness in the peseta which pushed up the D-Mark within the ERM. So there may yet be room for a further half-point cut in base rates within the next couple of weeks. Exchange dealers would be clearly unhappy with anything more without stronger evidence that inflation is licked. In particular, wage rises need to slow more sharply, and that is unlikely before the autumn at the earliest.

By then the political squeeze may have tightened considerably, however, and there would be even less time for lower rates to feed their way through to the economy. As a last resort, Mr Lamont could pre-empt the market's fears of Labour, devalue the pound himself and seek to reassure the market by imposing narrower 2¼ per cent fluctuation bands. But that would smack of desperation, and subsequent rate cuts could be even harder to push through.

FT-SE Index: 2,522.3 (+7.7)

Sterling



Maxwell

The final set of results from Maxwell Communication under Mr Robert Maxwell's stewardship makes dismal reading. Everything has been thrown in, from foreign exchange gains making up more than half of pre-tax profit to a fall in the tax charge to a scarcely sustainable 14 per cent. The result is a once-covered dividend, shareholders' funds down for the second year running and earnings per share almost halved from their peak in 1984. So much for publishing as a growth industry.

The pressure this year will be somewhat relieved by the sale of Pergamon, which will not only reduce net debt to £1.35bn but will produce a profit above the line of £150m. Thus MCC, having in successive years eked out its lack of publishing profits with share sales, property disposals and foreign exchange dealings, will this year keep the pot boiling with the sale of the publishing assets themselves. From the minority shareholder's viewpoint, there is perhaps one snag. Since Mr Maxwell's shareholding is now at 70 per cent, he is very close to the 75 per cent ceiling beyond which he can no longer relieve the strain on group cash flow by taking scrip dividends.

From their peak just before the Mirror Group flotation, the shares have underperformed the market by an unlucky 13 per cent. Those shareholders minded to follow Mr Maxwell to his new public company might reflect that since flotation, the Mirror's shares have underperformed the market by 13 per cent as well.

Axa/Equitable Life

Investors in Axa can only hope that the flamboyant Mr Claude Bébéar knows a lot more than they do. Two years ago the Axa chairman specifically said he was looking for a soundly run US property/casualty company to help vault the French number two insurer into the world's top 20. Yesterday, however, he finally confirmed speculation that he wants to plunge $1bn of shareholders' money into Equitable Life, a US life business virtually brought to its knees through reckless expansionism and less than prudent investment over the last few years.

At least Axa is not pretending that there is any synergy in the deal. When the terms are finally negotiated, moreover, they may even demonstrate that it is getting Equitable on the cheap. On the other hand, the risks appear to be formidable. By all accounts Equitable has been hawked round the market to a less than enthusiastic response. Continental European insurers – with one or two notable exceptions like the Dutch group Aegon – do not have a good track record in the US. And if the rumours are right that Axa only intends to take 40 per cent its scope for controlling a recently installed management team could be limited.

Axa's shares, which leapt 5 per cent yesterday on an upbeat analysts' meeting, have underperformed the Paris market by more than 10 per cent in the last year. Investors should be in no hurry to buy them until the details of Mr Bébéar's Equitable plans become clear.

Midland Bank

Anyone hoping that Sir Peter Walters' arrival at Midland will produce a quick turnround in its fortunes is in for a disappointment. Its problems lie deep within its basic banking business. They would not be solved by eye-catching disposals of peripheral activities which are, in any case, generally stronger than the bank itself.

Sir Peter's main task is a more prosaic one of bearing down on costs and squeezing a better return out of Midland's loan portfolio. That may require some tough restructuring, as the balance sheet contains too many big-ticket low-yielding corporate and international loans. Yet only with a better stream of revenue can Midland hope to rebuild its capital base so that it can take advantage of the eventual economic recovery. For the time being, shareholders are unlikely to want to help with a rights issue, especially given the uncertain prospects for its interim dividend.

BTR

The boldness of BTR in appointing a 34-year-old outsider as finance director is in some ways admirable, particularly by contrast with the changeless veterans at Hanson. In putting its chief auditor in the post, BTR appears bent on re-affirming its older traditions of detailed financial control. What is still quite unclear, however, is the identity of the much-touted big acquisition on which the new finance director will try her teeth. In a market fretting for action, BTR and Hanson offer a frustrating contrast: one promises a bid without a target, the other a target without a bid.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Rises			
Altana Ind	605.5	+	10.5
Asko	874	+	28
Porsche	865	+	17
Schmalbach Lub	410	+	15
Falls			
Colonia Vers Pf	605	–	20
Gerresheimer	433	–	12

NEW YORK ($)

Rises			
Cummins Eng	42⅜	+	1⅝
Digital Equip	66	+	1½
Eaton	63¾	+	3
Southeast Bkg	½	+	2½
Trinity Inds	28⅝	+	1
Falls			
McDonald's	33⅜	–	¾

PARIS (FFrs)

Rises			
Axa	1097	+	53
Bancaire Cie	521	+	14
Cetelem	684	+	22
Eurocom	801	+	11
Fonc Lyonnaise	807	+	17
Falls			
Union Immob Fr	541	–	24

TOKYO (Yen)

Rises			
Daido Steel	699	+	22
Dai Nippon Ph	2120	+	100
Koyo Seiko Co	959	+	39
Nippon Suisan	573	+	33
Shokusan Jut	815	+	45
Falls			
Daishowa Paper	3650	–	250

New York prices as at 12.30

LONDON (Pence)

Rises			
Attwoods	223	+	10
BET	181	+	6
Brent Walker	29	+	3
Cable & Wire	547	+	10
Cambridge El	205	+	11
Charter Cons	467	+	20
Glaxo	1280	+	53
Goring Kerr	200	+	11
Johnsn Matthey	314	+	10
Jupiter T M	133	+	13
SD-Scicon	54	+	2
TACE	225	+	22
Wellcome	643	+	27
Falls			
Bullers	3	–	2
Burmah	523	–	9
Cater Allen	423	–	22
Cranswick Mill	86	–	9
Firstland Oil	7½	–	1½
Gardner (DC)	53	–	6
Wimpey (G)	184	–	6

Major

Continued from Page 1

translate only slowly into an improvement in the party's poor standing in the opinion polls, suggesting next spring as the earliest election date.

He insisted that any amendments to the Treaty of Rome to facilitate the creation of a single currency would have to give Britain the right to opt out before an irrevocable decision was made.

Signalling his apparent acceptance of the proposal put forward by Mr Jacques Delors, the European Commission president, he said: "The British government and the British parliament would only move to a single currency if they took a further, separate and explicit decision to do so. Not just when to do so. But whether to do so at all."

The tone of his speech, however, was deliberately positive, emphasising his confidence that Britain would not be sidelined. He dismissed the "faint-hearts" who thought the outcome of negotiations would inevitably be bad for Britain and reminded Mrs Thatcher that she had committed the UK to the principle of EMU when she signed the Single European Act in 1985.

Senior Conservatives said that, despite the threat of her intervention, Mr Major believed the European issue could be "defused".

● Alison Smith writes: Mr John Cunningham, Labour's campaign co-ordinator, sought to use a Westminster press conference to pre-empt Mr Major's speech, with an attack on the prime minister as "a man who is barely in charge of himself, let alone the affairs of the country".

WORLDWIDE WEATHER

Today: a cloudy start to the day over all southern and central regions, but inland areas will clear as cloud and rain move east. There will be moderate to strong winds in the south. Most of Scotland and Nothern Ireland will be brighter, but still showery. **Outlook:** unsettled with showers, but becoming drier.

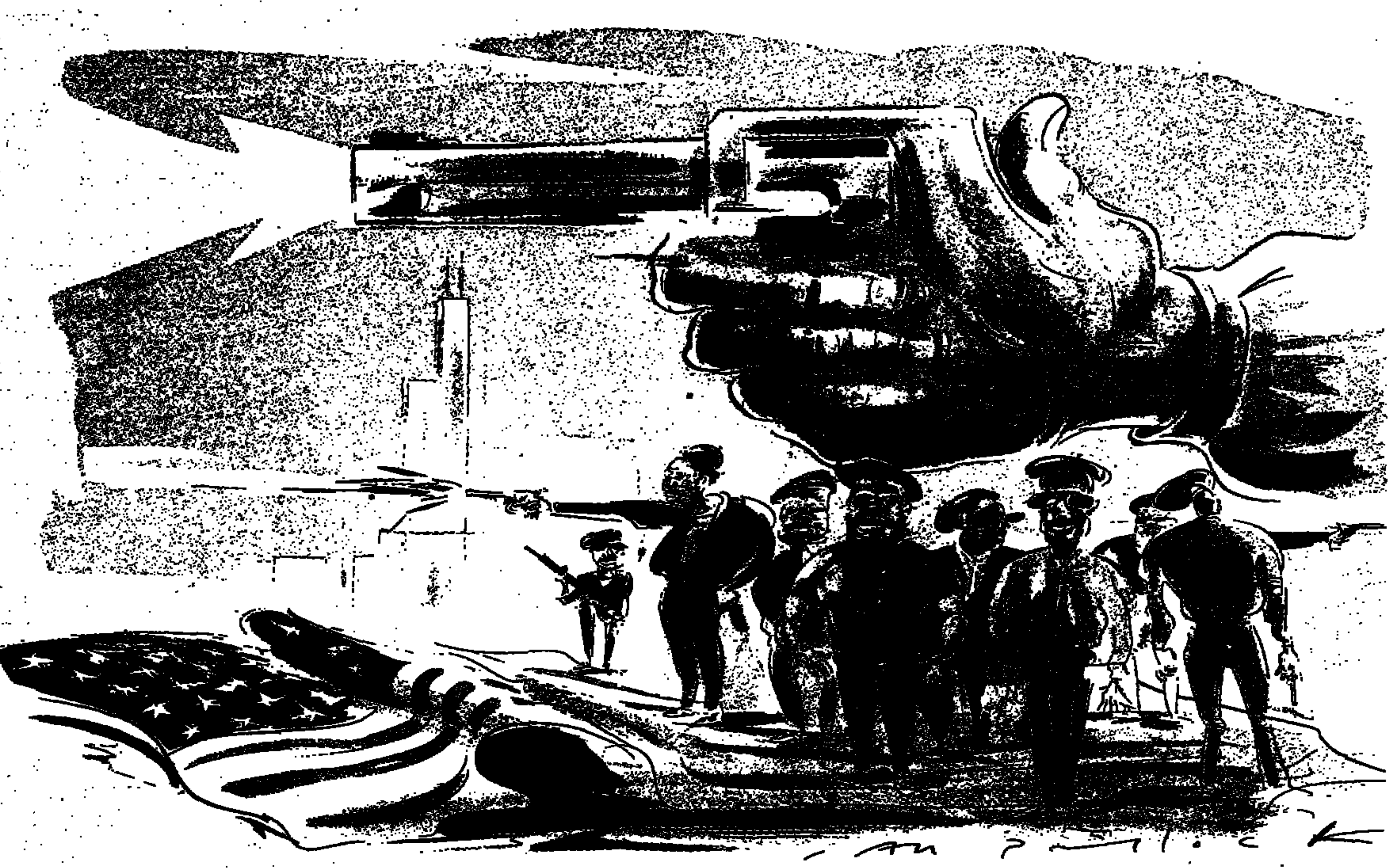
		°C	°F
Ajaccio	S	23	73
Algiers	F	36	85
Amsterdam	F	15	59
Athens	S	28	82
Bahrain	S	35	95
Barcelona	S	23	73
Belfast	F	13	55
Belgrade	F	29	84
Berlin	F	18	64
Biarritz	S	19	66
Birmingham	C	15	59
Blackpool	C	12	54
Bombay	F	33	91
Bordeaux	F	21	70
Boulogne	C	14	57
Bristol	C	14	57
Brussels	F	15	59
Buenos Aires			
Budapest	C	17	63
Cairo	F	32	90
Cape Town	S	17	63
Cardiff	F	14	57
Chicago †	S	24	75
Cologne	F	18	64
Copenhagen	R	11	52
Corfu	S	28	82
Dallas †	F	25	77
Dublin	F	15	59
Dubrovnik	S	25	77
Edinburgh	C	15	59
Faro	S	29	84
Florence	S	26	79
Frankfurt	C	17	63
Geneva	C	23	73
Gibraltar	S	23	73
Glasgow	R	15	59
Guernsey	F	14	57
Helsinki	C	14	57
Hong Kong	F	31	88
Innsbruck	F	18	64
Inverness	C	12	54
Isle of Man	C	12	54
Istanbul	S	24	75
Jersey	F	15	59
Johannesburg	F	14	57
Las Palmas	F	22	72
Leeds	R	13	55
Lisbon	S	26	79
Locarno	C	21	70
London	F	18	64
Los Angeles †	C	16	61
Luxembourg	C	13	55
Madeira	S	21	70
Madrid	S	32	90
Majorca	S	28	82
Malaga	S	24	75
Malta	S	25	77
Manchester	C	12	54
Melbourne	F	13	55
Mexico City		–	–
Miami †	S	28	82
Milan	C	20	68
Montreal †	S	15	59
Moscow	C	19	66
Munich	C	16	61
Nairobi	S	25	77
Naples	S	25	77
Nassau		–	–
Newcastle	C	14	57
New Delhi	S	37	99
New York †	S	18	64
Nice	S	22	72
Nicosia	F	27	81
Oporto	S	24	75
Oslo	C	13	55
Paris	F	17	63
Peking	S	30	86
Perth	C	11	52
Prague	C	18	64
Reykjavik	F	10	50
Rhodes	S	26	79
Rio de Janeiro		–	–
Rome	S	23	73
Salzburg	C	15	59
S'Francisco †	S	11	52
Santiago		–	–
Seoul	S	30	86
Singapore	S	32	90
Stockholm	F	17	63
Strasbourg	F	18	64
Sydney	F	17	63
Tangier	S	31	88
Tel Aviv	S	25	77
Tenerife	C	22	72
Tokyo	S	28	82
Toronto †	S	14	57
Tunis	F	30	86
Valencia	S	25	77
Venice	S	25	77
Vienna	C	17	63
Warsaw	C	17	63
Washington †	S	19	66
Wellington	S	12	54
Zurich	C	19	66

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

Weekend FT

SECTION II

Weekend June 15/June 16 1991



Gadaffi and the drug gang

***Michael Gray** on the fall of the 15,000-strong El Rukns, who dealt in drugs and terrorism*

JEFF FORT, leader of the El Rukns, was peeved. Languishing in a Texas prison in April 1986, he had just been told that Col. Gadaffi, the Libyan leader, had given $5m to Louis Farrakhan, a militant black Islamic preacher. Yet only weeks earlier, three of Fort's "generals" had returned empty-handed from Libya, unable to convince Gadaffi that he should pay them $2.5m for each aeroplane they shot down or federal building they blew up.

"He is a great mouthpiece but not a warrior," said Fort of Farrakhan over the bugged prison telephone to a loudspeaker in the gang's Chicago headquarters, a converted theatre renamed the Grand Major Mosque by the El Rukns after their sudden Islamic conversion in 1976.

They had sent Gadaffi a video showing gang leaders pledging support for the colonel and condemning US policy towards Libya. Once, thanks to call-forwarding, Fort spoke to Gadaffi from prison.

In spite of being jailed for negotiating an enormous marijuana-for-cocaine swap, Fort still commanded complete respect from his men. During his relayed conversation with Gadaffi, those present at the mosque stood to attention and shouted "Yes, sir," in unison to his orders.

But that phone call, like hundreds Fort made while serving 13 years, was being taped by federal police from a new drug task force. The group was using unprecedented manpower, surveillance and financial resources to target the big dealers.

Now, law enforcement officers have rounded up 54 officers of Fort's army and delivered the most complex gang indictment in US history; so large and complex that it will be broken up into five trials. The first started in April. Prosecutors believe the trials will put behind bars those responsible for at least 100 murders, and, after 25 years of police inquiry, wipe out one of the US's most dangerous gangs.

In 1986, arms, as well as drugs, were high on the El Rukns' shopping list. The gang had discussed buying portable rocket launchers. It decided to purchase on the black market an M-72 light anti-tank weapon. Known as a LAW rocket, it weighs just over 5 lbs and fires a foot-long, armour-piercing shell about 200 yards. Initially, the gang wanted to buy five and test one on a car carrying Sgt. Daniel Brannigan, scourge of Chicago's gangs.

The El Rukns are a Chicago "super gang," far removed from the romanticised prohibition heyday of the 1920s that spawned Al Capone, Machine Gun Jack McGurn and the St Valentine's Day Massacre. Those earlier mobs developed according to race or country of origin. The result was a sort of *de facto* segregation which is still visible in a city where 700 people will be murdered this year.

At local level "turf" is still divided in this way. Further up the gang ladder everyone falls into *two* groups: "Folks" or "People". Reinforced by the state prison system, where virtually all eventually meet, these two umbrella organisations encompass ethnic tribes that would otherwise be mortal enemies, says Thomas McMahon, a gang specialist with the Chicago police. For survival's sake, nearly all the 125 gangs in Chicago are affiliated to one of these organisations.

Susan Bogart, the attorney who prosecuted Fort and four other El Rukns in 1988, compared them with hunters speaking about shooting game. "These guys had that same look in their eye. There was a look in their eye of pure animal disinterest. People look that way when they show *no sign of humanity*."

When police raided the gang's mosque they found, in addition to the rocket launcher, an oiled arsenal of pistols, automatic weapons, rifles, even grenades. The six-week trial in 1988 for conspiracy to commit terrorist acts was notable for the toughest security precautions seen in an American court. Even so, jurors were threatened and followed. Measures outside the court included police snipers, barbed wire, barricades and metal detectors, with bullet-proof glass separating the onlookers from the defendants.

Fort, then aged 40, got 80 years and was barred from using the telephone. A *father*, married for over 20 years, Fort has been called variously a prophet, a punk, a murderer and a humanitarian. The only adjectives everyone seems to agree on are: cunning and shrewd. One of 13 children, his biggest drawback was his almost total lack of formal education. Fort was practically illiterate. "If he had had any formal education . . . if he had gone to say, Harvard, he could run General Motors," conceded police Capt. Harold Duffy, a gang crimes' expert.

Above all he was a charismatic leader who inspired unquestioned loyalty from those who followed him. At one point when addressing a large gathering of members he reportedly shouted "Kneel!" and hundreds of black gang toughs fell to the floor. Because of this unchallenged obedience and the combination of ghetto brogue and a quasi-Islamic code, the gang was almost impossible to infiltrate.

The El Rukns developed their own language, especially in telephone conversations. "Walking sticks" or "canes" were rockets; "brew" was cocaine. Panama was "straw hat scene"; Washington was "Big Actor" after Reagan, and "Mr Wood" was Fort calling collect from prison. The gang structure and language could be the subject of a doctoral thesis for some anthropology student, police joked.

The convictions of Fort and four other El Rukns were cheered, but the attempt at terrorism-for-hire had interrupted the criminal investigation into the gang. In spite of the loss of four leaders, it would survive. But the recent wave of arrests has changed that.

In all, 54 El Rukn members – everyone still alive who ever held a position of authority in the gang – face charges of murder, extortion, bribery, kidnapping, obstruction of justice and numerous drugs and weapons charges dating back to 1966. Of these, 12 have pleaded guilty and are in the witness protection programme, the rest remain in jail. Given their penchant for killing witnesses or leaving the country, the judge has denied bail.

Melvin Mayes, a fugitive from the first trial, was believed to have been in Libya and is on the FBI's 10 Most Wanted list. One of the defendants in the latest trial will be Noah Robinson, a millionaire Chicago businessman and half-brother of Jesse Jackson, the civil rights leader. Though not a member of the gang, Robinson is charged, among other things, with hiring the El Rukns to kill a troublesome ex-employee, LeRoy "Hambone" Barber. He has already been convicted of being an accessory to the attempted murder of a witness, in a related case. His is one of 23 murder charges in the indictment.

Two men wrongly imprisoned for murder have been freed as a result of confessions by El Rukns. By the time the last of them has been sentenced, it will have taken six years of police work to bring an end to an organisation that sometimes took in as much as $100,000 a day from 100 "retail" drug outlets.

From their start in the 1960s as the innocent-sounding Blackstone Rangers, the group grew into one of the most organised and violent gangs in the US. Their home was 66th Street and Blackstone Avenue, in the Oakland section of Chicago, today one of the poorest urban areas in the country.

They began by extorting lunch money from school children, then moved to more lucrative forms of extortion from shopowners and on to car theft and burglary.

Through intimidation and violence, the gang incorporated other small local ones. Fort and Eugene "Bull" Hairston became the leaders of a loose confederation of mostly black gangs that Fort dubbed the Black P Stone Nation. By 1970 police documents show an organisational tree of 57 smaller gangs with Fort at the top of perhaps 15,000 "soldiers".

Fort formed the Main 21, a council of his top henchmen. In the politically-charged Black Panther atmosphere of late 1960s, Fort sought shelter from the law under the guise of a community organisation. The charade was successful for a time, earning him a television appearance with the police chief to discuss combating crime. They gained national attention – Fort and two colleagues received an invitation to the 1968 inauguration of President Richard Nixon – a man they would later lampoon in their monthly gang newspaper.

But in 1972, Fort was convicted of fraud and contempt of Congress for refusing to answer questions about what he did with the $950,000 in federal funds that were intended for a job training programme. Fort and his gang, the government said, diverted the funds to buy weapons and drugs. Fort was sentenced to five years.

Through the prison telephone, Fort relayed orders to the Main 21 and kept the gang together. Soon after his release in 1976, Fort convened a meeting of the leading members of the Blackstone Nation. The trade (codeine syrup, marijuana and barbiturates) had been solid but the market was set to take off with introduction of cocaine and heroin and Fort did not want it to get away from him as it nearly did while he was in prison.

Fort threatened Hairston, excluded him from the gang and allowed him, for "old times' sake", to deal only in non-conflicting areas. This coexistence ended in 1980 when Hairston and his group, the Titanic Stones, refused to drop the name "Stones" from their street tag. In a ghetto copyright dispute Hairston's group was ambushed and one was killed. Others were eventually hunted down. Hairston escaped.

In addition to body-building in the prison weight room, Fort claimed to have undergone a spiritual conversion to his own brand of Islam. From that moment, Fort declared, he alone was in charge of the gang that would become known as the El Rukns. The members were to call themselves Moorish Americans and follow the Moslem religion.

This apparently gave a sense of cohesion and community to the gang and served as a method of control for Fort.

With such integration and control, the Rukn empire expanded. They even created a separate branch to deal heroin, with its own enforcement and protection unit known as the "Gorilla Family." Revenue came in and was personally distributed by Fort. Seeking a better return on their cash, rather than merely leaving it in grocery bags, they purchased department buildings and other properties. They even persuaded the late Sammy Davis Jr. to underwrite $200,000 of a $2m loan to the gang. The Black P Stone Nation had once served as bodyguards for the entertainer during a 1968 Chicago performance. After a little investigation, however, the bank withdrew. One "associate member" even owned two radio stations. When looking for a new headquarters, they "persuaded" the owner to sell them the old Oakland Theatre, a sprawling $275,000 property just behind a big road junction, for $25,000 in small bills and a Lincoln Continental. They later reneged on the car.

Property managers they were not. With the clientele they attracted, the buildings grew dilapidated and property taxes went unpaid. When the buildings were due for tax auction, other Rukns would make sure they were the only ones to [illegible] thus keeping them in the family and starting the long condemnation process again.

Gradually, the gang dropped its red berets for three-piece suits and drifted away from the high-profile turf battles. Instead, with perhaps 400 hardcore members, the El Rukns became a vertically integrated corporation more concerned with the hard economics of large-scale drug dealing, protecting its market share through any means necessary. This is the group the Federal Task Force went after.

It is unlikely that a "super gang" such as the El Rukns will surface again, says McMahon. "The gangs now are too fragmented and about equal size. They are concerned only with money; the 'gang family' and 'black power' allure of the 1970s that the charismatic Fort used to consolidate and run his organisation is absent with today's young punks."

Even though more than 40 career criminals are in jail, where they will probably remain for a long time, the virtual end of the El Rukns has not made Chicago any safer. But when the demolition crew pulled down the Grand Major Mosque last summer, the community did breathe a sigh of relief.

CONTENTS

On the trail of silver-backed gorillas in the jungle mist Page XV

The Long View/**Barry Riley**

Unit trusts slow at 60

SIXTY YEARS ago this week, in the middle of a serious economic recession, a new kind of open-ended investment fund was launched in the UK. Municipal & General's First British Fixed Trust was a rather primitive affair, holding a static portfolio of 24 blue chip equities, and having a fixed life of 20 years, but it was the start of the British unit trust industry.

M & G, of course, is still one of the leading unit trust companies today.

If someone had put £100 in the fund at the outset, and had transferred in 1951 into the successor fund, M & G General, then today the holding would have accumulated to a value of about £43,500, an average rate of return of 10.7 per cent a year.

There is, of course, a lot of inflation in that, and in real terms the average annual return has been a more modest 4.9 per cent, still a very respectable figure.

This is, however, a return which includes net income. I do not know precisely what the units have yielded over the years, but the current income of about 3.7 per cent to a standard rate taxpayer is probably quite typical of the historical experience. So the real growth in capital has been only about 1 per cent a year.

But this does emphasise that for the investor unit trusts have represented a way of having your cake and eating it: you get a decent income *and* your capital remains intact in real terms.

M & G's figures suggest that the performance has not varied greatly in earlier and later periods: the real return has also been 4.9 per cent over the past 29 years since the founding of the All-Share Index, which the fund has outperformed.

This is a good performance by M & G in this particular case, but it has to be said that in general the prospects for unitholders have come to look less promising in recent years.

The average unit trust has been less rewarding for a saver than a high interest building society account over the past five years, according to the magazine *Money Management*, and has underperformed the All-Share Index by 2.7 per cent a year over that period, although it has narrowly beaten inflation (by 1 per cent a year).

Deregulation of the unit trust industry's charges back in 1979 has led to a steady rise in the deductions from funds.

Until then annual management charges were less than 0.5 per cent a year, but now 1.0 per cent is modest and 1.5 per cent very common. Certain other costs are also now levied against the fund rather than being taken out of the managers' fees.

There has been a vast proliferation of individual unit trusts, which now run to about 1,400 funds managed by 160 different companies.

The trend has been towards ever-greater specialisation, fuelled by growing internationalisation. But this has introduced greater volatility and cost, surely not in the interests of the investing public, which has tended to shun the unit trusts in recent years, at any rate since the 1987 crash, in favour of deposit accounts. Only about 2m people at present invest in unit trusts.

If the public does not want all this specialisation, why has it happened? In fact it has become increasingly hard for unit trust companies to sell directly to the public with any success, and such growth as the industry has achieved has come through brokers and advisers.

Such intermediaries want to show they are "adding value" for their clients to justify earning extra commissions. There is little reward for them – only a one-off 3 per cent, in fact – in telling their clients to buy a general fund and hold it for 60 years. So the unit trust groups are each under pressure from the brokers to operate a dozen more separate funds between which the clients can be switched from time to time.

The M & G track record shows the virtues of simplicity and economy. So why on earth are these advantages too often being squandered in a maze of complexity and expense?

One answer is that the unit trust industry has failed to put over its message in the face of the powerful marketing abilities of the life insurance industry. The life companies pay bigger commissions to intermediaries and therefore sell more products.

The only chance for unit trusts to compete would be if their lower costs and generally better returns could be clearly understood by the public. But in fact the new system of regulation of marketing introduced since 1988 has perpetuated the ability of the life companies to disguise and obscure their charges. Many unit trust managers have therefore adopted the approach of "if you can't beat 'em, join 'em."

Another problem has arisen from the unit trust industry's excessive reliance on high risk products. It is not just that there have been too many Australian gold mining funds and smaller companies trusts.

In the US or on the Continent of Europe the mutual fund industry is broadly spread across bond and cash funds as well as equity funds. For various reasons of tax and legislation this has not happened here (and high levels of British inflation have played an important part too). When, therefore, the 1987 crash made equity funds look dangerous the unit trust industry had no alternatives to offer.

It may be that there is an entrepreneurial opportunity here, one that will offer greater scope as short-term interest rates fall further. There have already been one or two attempts to break new ground, as with the Marks & Spencer unit trust which packages a reassuring brand name with a low risk approach. But, so far, it has not exactly set alight the world of investment retailing.

The challenge will be to find a product that is what the public wants, not just what the intermediaries want. It will have to offer an attractive new blend of safety and long-term growth potential. A period of deep economic gloom might not seem auspicious. But you could have said that in 1931, too.

FINANCE AND THE FAMILY

London Markets

The rewards of a literary career

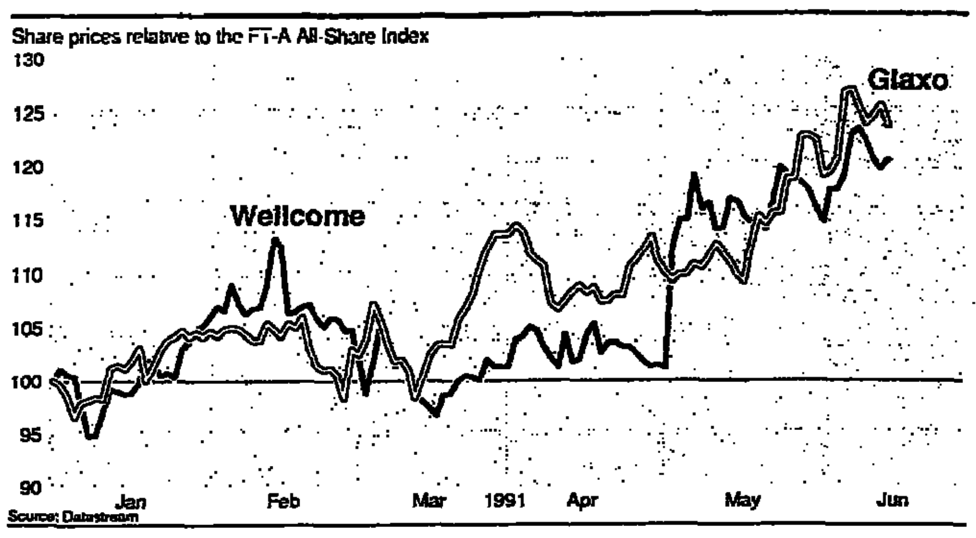
"DON'T SELL Glaxo" were the dying words of the father in an Anita Brookner novel, as he struggled to offer his daughter the accumulated wisdom of a lifetime. Over the years, that has probably proved literature's most valuable stock tip. Since 1980, Glaxo shares have risen nearly 30 times; it is now Britain's second most valuable company, with a market capitalisation greater than BP's.

To the short-termists in the stock markets, however, Glaxo is a vehicle for trading, not a sacred trust passed down the generations. Its large market capitalisation, keen US interest, and flow of exciting news from the medico-regulatory jungle provides lots of opportunities for making a turn.

So it has been this year. While outperforming the market by a quarter, Glaxo has bounced around on a tide of news about new products, patent litigation, rival companies' drugs, and so on. This week has been a vintage one for such developments. The stock has been tugged between British investors' worries that US regulatory approval of a competitors' anti-ulcer treatment will hurt Zantac, Glaxo's wonder drug; and US investors' optimism that other wonder drugs are in the pipeline. On heavy turnover throughout the week it has moved briskly: down 10p on Monday, up 19p on Tuesday, up 1p on Wednesday (a day when the market as a whole fell), down 21p on heavy volume of 4.4m shares on Thursday, and up 53p on Friday, closing at 1280p, up 42p on the week.

For Glaxo shares, therefore, events in the real world have had little importance – except in one respect. The stock has been helped by the dollar's strength this week: around 40 per cent of Glaxo's earnings are in the US. A stronger dollar means that US profits are converted into the parent company's sterling accounts at a more favourable rate.

For a number of other companies with overseas exposure, the story was the same, as sterling moved in the course of the week from $1.6715 to $1.64 and from DM 2.96 to DM 2.935. But for the rest of the UK corporate sector, currency fluctuations have different implications. Traditionally, currency depreciation has been good for UK stocks, since it makes companies more competitive with foreign-based rivals. In the new world of semi-fixed exchange rates, however, such considerations come second to the implications for interest rates. The need to hold the pound within the exchange rate mechanism of the European Monetary System means that when the pound weakens against its European counterparts, interest rate cuts recede further into the future.



Thus, this week, when the markets had been cheerily expecting an interest rate cut to accompany favourable inflation figures on Friday, the Bank of England signalled unambiguously that it had no desire to see rates fall this week – or next, either. The Bank's normal caution contributed to this view, no doubt; but so did the growing uncertainties of sterling's EMS position.

In every other respect, the week was a perfect time for lower interest rates, as the equity market indicated on Tuesday, when it refused to take seriously the Bank's first signal that a cut would be delayed. The FT-SE 100 index rose 30.7 on the day, a third of it after the Bank's signal, to end the day at 2542.6, within three points of its record close on April 5. On Friday, with the inflation figures if anything a fraction better than expected, the Bank repeated its signal, indicating a delay in interest rate cuts until at least the week of June 24. Again, the market seemed to pay little heed to the news, with the Footsie ending the day up 7.7 at 2522.3, a rise of 16 points on the week.

The expectation of lower interest rates survived such unpromising signs thanks to a growing awareness of a longer-lasting recession and a government beset by unpopularity. Between them, these make up a recipe for a sustained attempt to bring interest rates down further – if not now, then soon. Though Norman Lamont, the chancellor of the exchequer, said on Friday that he still expected the recovery to come in the second half of the year, company chairmen are not so sure. The possibility of a "W-shaped" recession – one in which a short-lived recovery is followed by a further decline – is starting to creep into City economists' forecasts, though still only as a worst case.

Under such circumstances, with the political outlook uncertain, the equity market's performance this week displayed some fortitude. It was buoyed up, in part, by the lingering effects of Wall Street's strong performance at the end of last week and the early part of this. But it also reflected Monday's news that manufacturing pay settlements are showing their biggest fall for more than a decade. When the recovery does come, goes the theory, those squeezed costs will ensure a brisk rebound in corporate profits.

Too late to save one company boss. Among the week's news was the departure of John Hardman, chairman and chief executive of Asda, the grocery chain. Institutional shareholders, who have been unhappy with the company's performance, were clearly unwilling to provide the group with fresh equity while the old management was at the helm. The shares did poorly after the announcement, partly because it was seen as clearing the way for a rights issue. The shares closed on Friday at 105p, down 8p on the week.

There was one other corporate development of note: the announcement by Alan Jackson, the new chief executive of BTR, that the company's much-signalled "major acquisition" might come in the next three months. Jackson added that the packaging industry looked promising, which focused attention on companies such as Bowater and CMB. Bowater closed the week at 628p, up 26p; CMB at 1563p, up 113p. BTR itself did less well, closing at 395p, up 3p. But then, no Anita Brookner heroine has ever been urged to load up on BTR.

Peter Martin

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2522.3	+16.0	2545.3	2054.8	Base rate optimism
Bowater	628	+26	649	432	Talk of bid from BTR
Cable & Wireless	547	+42	557	429	Better-than-expected figures
Control Tech	209	+45	228	147	Emerson Elect takes 29.99% stake
Cray Electronics	80	+6	80	46	Elect Data counter bid for SD-Scicon
Glaxo	1280	+42	1280	800	US buying
Meyer Intl	438	+28	463	358	Maintains div despite profits fall
Oxford Instruments	236	-18	279	231	Disappointing prelims
Racal Telecom	367	-32	414	251	Price converges with Racal Elec
Ratners	148	-12	191	110	Analysts reduce profit forecasts
Reed Intl	432	+29	470	343	Further consideration of results
SD-Scicon	54	+12	54	25	Bid battle develops
TACE	225	+32	226	130	Bid from Cambridge Electronic
Tate & Lyle	390	+35	394	263	Unveils "Stellar" new product
Wimpey (G)	184	-21	229	184	Downgrades after analysts visit

Serious Money

Parting may not be such sweet sorrow

By Philip Coggan, Personal Finance Editor

PERHAPS IT is time for depositors to wave goodbye to the big four High Street banks. As the First World War song (almost) went: "They don't want to lose you, but we think you ought to go".

Most of us drifted into being customers of one of the big four early in life. Some will have opted for the same bank as their parents; some for the nearest branch to their workplace; others will have been tempted by a special offer.

Once established as a customer, inertia quickly rules. It is a hassle to change your bank; being assessed for your creditworthiness; changing your chequebooks and cheque cards; learning a new PIN number for the cashpoint machine; and rearranging all the direct debits and standing orders for the mortgage and the life assurance.

But there is very little now that a big bank can offer you that you cannot find elsewhere. They deserve to be taught a lesson. Their customers, taking a cue from the 1970s film *Network*, should scream: "We're mad as hell and we're not going to take it any more".

Look, for example, at the interest rates the banks pay on current accounts. It is only recently, and somewhat sheepishly, that they started to pay any interest at all. For a time, the rates were satisfactory – one cannot expect to earn double-digit interest on accounts where the customer has instant access, and the convenience of paying all his bills automatically.

But the rates now on offer are pretty measly. Barclays offers 3 per cent net; Midland's Orchard pays 2.8 per cent for balances of more than £500 (1.5 per cent below); Lloyds 2.6 per cent for balances of more than £1,000 (1.5 per cent below); and National Westminster 1.78 per cent for all balances. This is with base rates at 11.5 per cent; perhaps if base falls further, we will have to start paying banks for the privilege of having our money.

The banks will argue that these are economic rates. They must fund the branch networks which bring customers the convenience they crave. They cannot do this and dole out high rates of interest.

On similar commercial grounds, banks also argue that they have to keep overdraft rates at high levels, in spite of the recent falls in base rates. The risk of lending on overdraft has increased because of the recession, they say.

The big banks also argue

> *If banks are taking tough decisions so should the public*

that they offer "sweep" services which allow customers to switch money into savings accounts that offer better rates. And Midland Bank, for example, has attempted to break new ground with its FirstDirect service which offers telephone banking and more attractive interest rates.

It also has to be admitted that, notwithstanding the current row over rates charged to small businesses, banks have not been making large profits in recent years. They have lost money through Third World lending, through over-optimistic expansion in the securities markets and through lending to companies which have gone under in the recession.

If you were the managing director of a bank in those circumstances, you too would be tempted to ensure that you at least made a profit out of your personal customers.

However, if the banks are being forced to take hard-headed business decisions, so should the public, which is not to blame for the banks' mistakes. If banks are not offering a competitive service, we have every right to shop around.

Take the Maxim account from the Halifax Building Society, for example. It offers a cheque book, standing orders, direct debits and a cheque card, debit card and cashpoint card in one. There are no charges if the account is in credit and there is the facility to go into overdraft.

Convenience should not be a problem; there are 730 Halifax branches and a further 1,000 agencies. Cash machines are provided through the Link network, which has more than 5,000 ATMs and many prominent building society members, such as Alliance & Leicester, Bradford & Bingley, Leeds Permanent, Nationwide and the Woolwich. Halifax even offers home banking, so you can pay your bills from your armchair.

Interest rates on offer through Maxim are 4.31 per cent for balances of under £500, 5.36 per cent for £500 to £2,000, and 5.81 per cent for £2,000 to £5,000. There are higher interest rates available for larger figures but at that point sensible customers would switch their balances to a savings account, just as bank customers do.

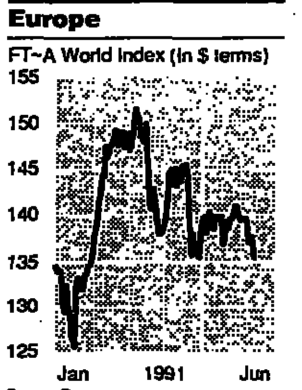
There is one drawback. Halifax is not a member of the clearing system, so it takes longer to clear a cheque – five days as against three – than it does at a big four bank. But that should only be important if your balance is very low: interest is credited from the day the cheque is paid in.

I have cited Halifax as a convenient example, but there are other building societies which offer current accounts – Woolwich and Nationwide Anglia, for example – and small banks, such as Robert Fleming, which also offer services at much more attractive rates than the big four.

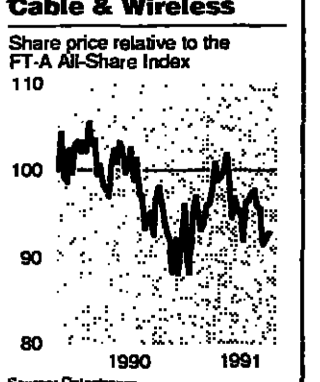
Inertia is hard to overcome when you have been a bank customer for many years. Why not try opening an account elsewhere while retaining your major bank account? That way you can test the service of a rival institution at a minimum level of inconvenience. Any cash you transfer to the new account is bound to earn extra interest – how could it earn less? And you may just find that parting from your bank will not be such sweet sorrow.

AT A GLANCE

Europe



Cable & Wireless



European shares on a high

Stock indices in Paris and Frankfurt reached new highs for the year on Wednesday, fuelled by the enthusiasm of overseas buyers. However, the FT-Actuaries European index is below its yearly high, in dollar terms, partly because of the strength of the US currency. In the period between January 1 and June 7 the index rose by 17.7 per cent in sterling terms, but only 1.93 per cent in terms of the US dollar.

Profits boost for C&W

Cable & Wireless this week announced a 16 per cent increase, to £609m, in pre-tax profits for the year to end March. The results were better than expected and caused the shares to jump 16p to 537p on the day, after a period of underperformance in 1990. C & W's subsidiary, Mercury Communications, the rival to British Telecom, increased trading profits by 76 per cent to £116m.

Smaller companies lose their lustre

Smaller company shares appear to have lost the momentum they achieved in the market rally earlier this year. The County Smaller Companies Index was unchanged at 981.6 over the week to June 13; the Hoare Govett Index (Capital Gains Version) fell by 0.2 per cent to 1199.91 (including investment trusts) and by 0.3 to 1178.43 (excluding investment trusts).

Unit trusts: watch those charges

A survey by Planned Savings of unit trust prices shows that many trusts are now quoting bid-offer spreads which far exceed the manager's initial charge. On June 1 five trusts – Henderson Preference & Gilt, Bell Court UK & European, Temple Bar Unlisted Securities, Henderson Small Companies Dividends and Acorn Ethical – had bid-offer spreads of more than 9 per cent. All quote initial charges of 5.25 per cent or below and the Temple Bar trust has a spread of 9.2 per cent with an initial charge of only 2.5 per cent. The survey shows that investors need to monitor charges very carefully before choosing a unit trust.

Capped mortgages find favour

A spate of new offers on capped mortgages has appeared this week. Barclays has announced a new mortgage capped at an interest rate of 10.75 per cent which is fixed until June 1992. After that date borrowers choose between another capped rate or a fixed rate mortgage. The new mortgage can be arranged on a repayment, endowment or pension basis and up to 90 per cent of the cost of the home. Applicants will be charged £100, though that can be added to the loan.

Citibank Mortgage, meanwhile, is offering a 1.5 per cent discount for new borrowers off its existing variable rate, currently 12.45 per cent, until January 1992. After that, customers will move to a rate capped at 11.95 per cent throughout 1992.

The London-based First Mortgage Securities has also announced a new capped mortgage until the end of June 1992. The rate is 10.85 per cent on mortgages below £75,000 and 11.15 per cent on those above. There is a non-refundable £195 fee on application.

Sahrelink offers new PEP

Sharelink, the execution-only share dealer, has launched a self-select Personal Equity Plan. Dealing charges within the PEP will be subject to a minimum of £17.50 and a maximum of £37.50 per deal; the annual charge is 0.75 per cent and for a limited period there is no initial charge. The minimum lump sum investment is £500, or a monthly investment of £30. *Holders will be able to borrow half of the value of their PEP,* to save them cashing in their holdings and losing the tax benefits.

Wall Street

Good news is bad for bonds

THE "mother of all ticker tape parades" – thus described by David Dinkins, mayor of New York City – marched through Manhattan's financial district on Monday to mark victory in the Gulf war, but there was precious little else for Wall Street to celebrate this week.

Stock prices moved listlessly in modest volume for much of the period, held back by the bond market, which is worried that a sharp bounce back from recession will fuel inflation. For the week brought a further batch of economic indicators suggesting that the economy is indeed on the mend. Retail sales jumped 1 per cent in May, while payrolls rose for the first time in 11 months and the rate of car sales rose modestly in early June.

Last week even Alan Greenspan, the chairman of the Federal Reserve and a man who weighs his words with extreme caution, said the odds of a "stronger-than-expected recovery . . . are rising slightly."

All this good news has spooked the bond market, which fears that the aggressive Fed monetary easing which marked the first half of the year is now over, and that recovery will mean rising inflation, which undermines the price of fixed income investments.

The inflation fears were ameliorated slightly by the release yesterday of consumer price indices for May, showing a 0.3 per cent rise for the month or a 3.6 per cent annual rate, which was in line with the market's expectations. Furthermore, the economic consensus is that inflation will remain modest over the next few months, since any recovery from recession will lack vigour.

Even so, the bond market is sufficiently concerned to have pushed the yield on the benchmark 30-year issue up above 8.5 per cent – high relative to the short-term Fed Funds rate at 5.75 per cent – and that has had a double restraining influence on stock prices. First, it makes long bonds more attractive relative to shares. Second, it pushes up other long-term interest rates (especially mortgages), and that carries with it the danger of choking off the prospective economic recovery.

Equities have been trading in a narrow range for months now – the Dow Jones Industrial Average has been stuck between 2850 and 3035 since mid-February – and the pressures of the bond market, as well as uncertainty over the strength of the economic upturn, suggest continued sideways movement over the next few weeks.

Dow Jones Industrial Average

Against this sluggish background, this week was perhaps not the most opportune time for the New York Stock Exchange to make history by starting to make markets in stocks after its normal closing time of 4pm. The aim is to win back after-hours trading in shares which are listed on the NYSE from rival markets, such as London, and this week's move represents a small step towards what might eventually become 24-hour-a-day share trading.

There are two after-hours sessions: one in which investors buy and sell individual stocks, which produced a tiny 737,000-share trade on Thursday's inaugural session, and one for large institutions, involving baskets of stock, which produced volume of 1.56m shares – still very small compared with the 147m shares traded on the exchange during its normal hours. But it would be foolish to judge the success of the venture on just one day's trading, and it seems likely to become more popular with investors.

The NYSE is worried because it has lost a significant amount of business to rival trading networks and it often complains that these markets lack two of its most important features: they are not transparent (all NYSE deals are clearly logged) and they do not ensure the best execution price for trades, which the Big Board can with its floor trading system.

While these arguments have some validity, the Exchange's new after-hours trading format rather undercuts their force. For one thing, all the trades are done by computers, matching buying and selling orders in a single burst of action. For another, in a concession to big investors, the exchange does not disclose price and volume information for individual stocks in the second, institutional trading session. And for this reason, some critics argue that the NYSE has made a "Faustian pact" which could yet undermine it.

Faustian is hardly the right term to describe Steve Ross, the smooth, outwardly easy-going chairman of media group Time Warner, but he and his co-directors have certainly helped undermine the group's share price over the past week by announcing a complex rights offering which has left investors both puzzled and angry.

They do not like the fact that the price of the new shares depends on how heavily the offer is subscribed; that Time Warner is using eight investment banks for the issue, which stand to be paid extremely handsome fees for apparently little work; and that the move represents a complete about-face for a company which previously said it intended to cut its heavy debt load by seeking foreign equity partners.

The issue will probably get done – 60 per cent of shareholders need to accept for it to go ahead – but the row does not reflect well on the world's largest communications group, which looks singularly inept at communicating with Wall Street.

Monday	2975.40	– 1.34
Tuesday	2985.91	+ 10.51
Wednesday	2961.99	– 23.92
Thursday	2965.12	+ 3.13

Martin Dickson

The Bottom Line

Bothered and bewildered

SHAREHOLDERS in Racal Electronics and Racal Telecom, the subsidiary that operates the Vodafone cellular radio network, can be forgiven for being thoroughly bemused by the share price reaction to this week's demerger details.

Sir Ernest Harrison, Racal chairman, said last November that he would demerge Racal Telecom because the stock market consistently failed to place a positive value on the non-Telecom part of the group.

Distributing the Telecom stake to Racal Electronics shareholders would allow the true value of the parent company to shine through, his advisers assured him.

But since Sir Ernest announced details of the demerger on Wednesday, Racal Telecom has fallen 23p to 367p and Racal Electronics has fallen 11p to 221p.

Rather than "maximise shareholder value" as Sir Ernest promised, his demerger has not only exposed the unexciting nature of the Racal "rump" businesses after Telecom floats free but has also highlighted a weakness in Racal Telecom.

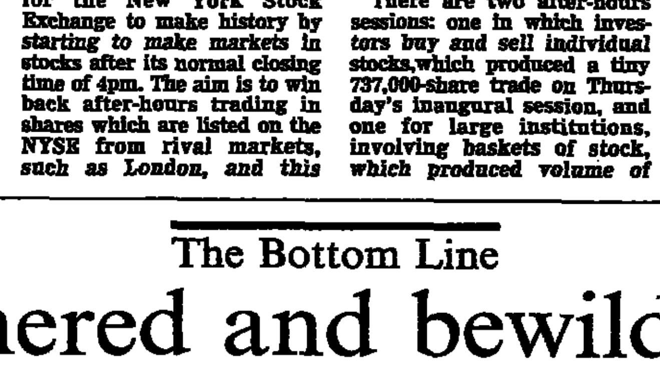
Sir Ernest's demerger proposal, if approved at an extraordinary general meeting, will lead to the distribution of 57 Telecom shares for every 100 Electronics shares held.

It will, however, involve share dilution of perhaps 5 per cent for Racal Electronics shareholders since the company is funding the cost of the demerger with a share placement of at least £40m. This will pay for the handful of new Telecom shares it needs to bring its holding to the 80 per cent level required in the US for a tax-free demerger. In addition, the company will place further shares to repay those convertible loan stock holders who redeem their stock ahead of the demerger.

Racal Electronics shareholders will then own a group with interests in data communications, defence, radio, government communications networks and Racal Chubb, the security company Sir Ernest has now decided will not be floated until after next March, if at all.

Sir Ernest said this week that Racal Electronics' 16 per cent outperformance of the FT-SE 100 index since he announced the demerger already demonstrated the benefit of his proposal. However, Sir Ernest's quarrel was with the market's negative valuation of the Racal "rump". Throughout last year and for much of this year, Racal Electronics' stake in Telecom was worth more than the market valued the entire Racal group.

The Racal twins



This week's greater fall in the Racal Telecom share price relative to Racal Electronics has started to redress this anomaly and the implicit valuation of the "rump" is now about 10p per share. But Racal was certainly not expecting that Racal Telecom shares would fall.

So what has happened? Racal Telecom's 48 per cent increase to £244m in pre-tax profits, announced this week, continued a fabulous history since 20 per cent was floated in 1988. But the rapid growth may be about to end. The rate of increase in new subscribers has fallen and the company may be lucky to see 10 per cent growth this year.

UK institutions are also wary that US investors have recently slashed the value of American cellular stocks – McCaw Cellular, for instance, has fallen 30 per cent over the past eight months – and Racal Telecom's shares might follow them down. US investors currently hold more than half the Telecom shares freely traded.

UK institutions are equally nervous about the "rump" of Racal Electronics. Sir Ernest says the new rump will have £250m of debt against £800m of assets and sales of £1.6bn and that problems in its data communications and defence divisions are being addressed with the help of £50m of reorganisation expense in 1990-92.

In spite of Racal's assertions that a loss in the rump businesses will turn to profits next year, the institutions remain cautious. As one large investor said "it is a hotch-potch of businesses going nowhere."

On the other hand, many analysts say that despite worries about the long-term value of the Racal "rump", the demerger offers a short-term opportunity for investors. In 1992-93, its first full year of trading "clean" without Telecom, it should make pre-tax profits of £65m, implying a market price of more than 20p, stockbrokers UBS-Phillips & Drew believe.

Where analysts and institutions agree is that an investment in either Racal twin is not for the faint-hearted.

Racal Telecom can be expected to benefit from additional trading liquidity once indexed funds start to increase their stakes as Telecom enters the FT-SE 100. The reverse is also true. As Racal Electronics leaves the index, there will be some selling.

More interesting speculation will focus on whether Racal Telecom attracts a predator. Telecom offers the best opportunity for a communications company to break into the European cellular telephone market. But how many groups can mount a hostile bid for a company capitalised at £4bn?

Richard Gourlay

FINANCE AND THE FAMILY

School fees: plan early for a testing term

*Getting little Johnny to his A-levels could cost up to £150,000. **Philip Coggan** and **John Authers** suggest ways of easing the burden*

MORE AND more parents are placing their children in private education. UK private schools now have 600,000 pupils, 7 per cent of the school-age population.

The cost can be horrendous. Harrow, for example, charges more than £10,000 a year, and fees tend to rise faster than inflation. Richard Carson Parker, of School Fees Specialists, estimates that parents currently starting a five-year-old in private education can expect to have paid £150,000 by the time he or she is 18.

For those with even moderately sized families, school fees are thus going to be the single largest financial commitment they face. Far too many people leave it far too late to plan for the cost and end up trying to fund the fees out of current income. When the economy is in recession, the result can be disaster, with parents forced to make invidious choices between economic survival and their children's education.

The motto is to start school fees planning at the earliest conceivable moment. Plenty of school fees planning companies are eager to help you choose; often they will recommend an endowment policy (a life-insurance linked savings plan) as the ideal vehicle. But such policies, although very rewarding to those who sell them, are not the only option.

If you cannot start saving soon enough, you could be forced to borrow the money. Here, caution is the watchword: although the thought of stinting on your child's education may seem anathema, there is no point in borrowing sums you cannot afford. Withdrawing your child from a school because of financial hardship could be the unpleasant result.

SAVINGS

IT IS not necessary to take out an elaborately packaged policy or loan to pay for future school fees.

Any number of savings routes can be used to build up the capital needed to pay the fees, provided they are started far enough in advance.

The longer term the commitment, the more important it will be to choose some equity-based investment route. Investing a regular sum in a Personal Equity Plan (PEP), or a unit or investment trust savings scheme should provide far better returns than a building society over the longer term.

The problem is that the eventual return cannot be *guaranteed* to fund the fees exactly. A sudden downturn in the stock markets at the wrong time might leave parents short of the necessary income.

As a result, many couples, according to Richard Carson Parker of School Fees Specialists, shy away from equity investment. "They are not willing to take a risk on their children's education," he says.

An alternative means of saving, which is risk-free in nominal terms, is a Tax Exempt Special Savings Scheme (Tessa). If eachparent dripfeeds the full £9,000 over five years, the total available at the end could easily be around £25,000, which should pay for a few cello lessons.

Other forms of investment which will build up capital include index-linked gilts, National Savings certificates and the zero coupon shares of split-capital investment trusts. The latter, although they sound exotic, are relatively stable instruments which are guaranteed, barring disaster, to be repaid at a premium for several years.

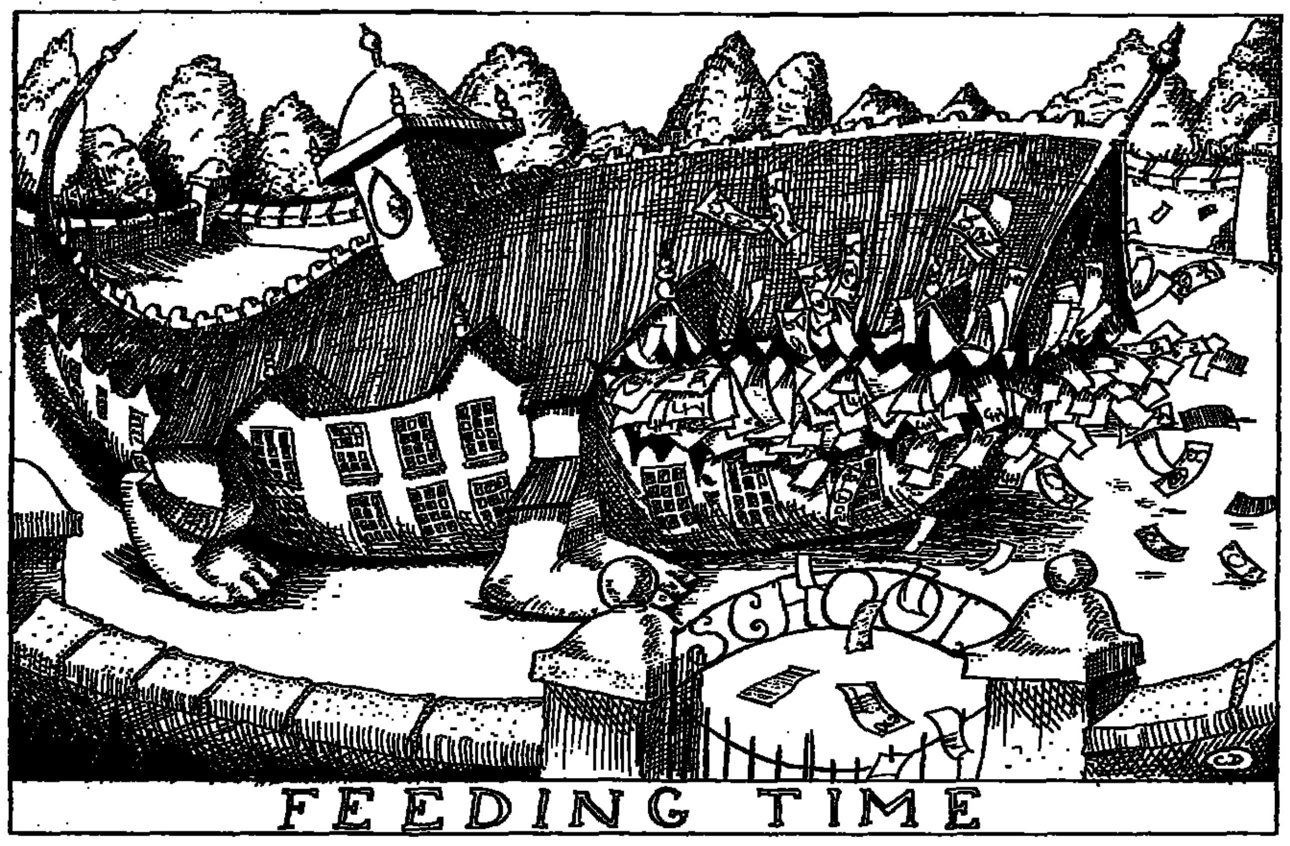
The important thing to remember with all these investments is that the more you can save, the better. If fees are £3,000 a year at your chosen school now, you may need to start saving a good proportion of that figure straight away for your investments to have any hope of meeting future payments.

ENDOWMENTS

ENDOWMENT policies have a number of advantages when funding school fees long-term.

The object is to raise enough money for the school fees, definitely no less, with any surplus coming as a luxury. With-profits policies offer a guaranteed sum, together with the chance of an excess if things go well, and so fit the bill.

They also allow relatively small premiums to build up into the substantial sums you will need to pay for education.



FEEDING TIME

However, paying the premiums could still hurt – Equitable Life needs premiums of £532.04 per month over ten year, amounting to £63,844 in total, to guarantee final school fees of £123,450.

Calculating exactly the sum you will need guaranteed could be a problem, as you might save far more than you need or end up needing to supplement endowment payments out of income. If you have specific schools in mind it is worth contacting the bursars for more information.

Typically, the policies will have multiple maturity dates. Thus, if you start ten years in advance of education which will last five years, you will have five policies, lasting from ten to 15 years, so the premium payments are reduced once your child starts at school. These policies qualify for tax relief on the final sum paid to you, making them attractive to top-rate taxpayers.

Life offices go to great lengths to make these schemes user-friendly and you will rarely need to write out a cheque to the school. Virtually everything is done for you.

The life insurance element of the packages is also an advantage, as it ensures continuity for your child's education in the event of family tragedy.

If you decide not to finance school fees via an endowment, and therefore forfeit the life insurance, then you may be interested in the School Fees Trust Scheme.

This scheme, which is sold to schools rather than directly to parents, offers insurance against the cost of fees in the event of the main breadwinners' death. The cost, which is added to the school bill, is £29.75 a term per pupil for day fees and £47 for boarding school fees. Other schemes are being introduced to insure against redundancy, or serious injury to the breadwinner.

The premiums are the same whatever the age of the parent and no medical examination is required. However, parents cannot join the scheme if they are already over 55. The scheme has also established a charitable trust which will aim to assist children in financial hardship at independent schools.

The disadvantages of endowments are well-rehearsed. They are inflexible, and offer poor surrender values if cashed in early. Advisers are paid heavy commission on them, and you may find the added life insurance element unnecessary. The case for supplementing them with other savings is strong. But their use for this essentially risk-averse exercise should still not be under-estimated.

TRUSTS

PEOPLE lucky enough to be able to fund school fees out of capital should do so. Thanks to the tax status of educational trusts, you can do this very effectively indeed.

Payments from the trust can be made, free of tax, to any school, and can also accommodate fees if your child should change school for any reason. Several companies, including Save & Prosper, Equitable Life, Royal Life, and the School Fees Insurance Agency, operate schemes which allow you to make the most of the trusts, usually using life assurance. Once a lump sum has been paid into the trust, ideally at least ten years before your child's first day at school, it should increase until fees need to be paid.

The schemes then purchase an increasing annuity, based on investment in gilts, to pay the fees. There are some problems with the annuity route, as annuities are tied to market interest rates. For this reason, John Housden of Hill Samuel suggests looking at Equitable Life, which offers unit-linked, with-profits and index-linked annuities.

Most schemes offer to write cheques for you, although "extras" will still need to come directly from your pocket.

Remember, however, that tax concessions to educational trusts might be withdrawn by a future government.

GRANDPARENTS

THERE are three sources of funds for long-term school fees planning, according to one financial adviser: capital, income, and Granny.

If you have grandchildren in their infancy, and you want to help them through an independent education, you can do so much more tax-efficiently than their parents.

One particularly clever scheme, recommended by Towry Law, takes advantage of Friendly Societies' tax status. You make a lump sum investment. Part of it pays the first premium of an endowment policy with the Tunbridge Wells Equitable Friendly Society, of which a child can be a member in his or her own right. This means you can take advantage of the child's personal income tax allowance.

The rest of your investment buys a temporary annuity, to pay for the subsequent endowment policy premiums. If you did this for your child you would have to pay income tax on the annuity payments, but this does not apply when paying for your grandchildren. This allows the annuity to be paid free of all tax, while the endowment, if taken out ten years in advance, should also qualify for tax relief.

Tunbridge Wells has a competitive investment performance record and the only awkward part is setting up a bank account for the child, who ideally will be aged only three when the scheme starts. You also, of course, need to save up for regular grandparental birthday and Christmas presents.

LOANS

IF YOU need to fund school fees out of a loan, you have left things too late. By planning in advance, you pay less than the school is paid – if you borrow, you part with more money than the school ever receives.

However, going into debt could still make life easier for you, if there are only one or two years left before your progeny start education, and you cannot fund fees out of your income. However, ensure that any loan you arrange has a "draw-down" facility, so that you only borrow money for fees one term at a time. There is no point in paying interest on money you do not need yet.

There are two kinds of scheme available to try to limit the interest you need to pay.

Two high street banks offer loans as a package with endowment policies. Bank of Scotland offers 2 per cent over base rate (currently 13.5 per cent) with ultimate repayment made via a Standard Life endowment policy. You only repay interest on fees you have already paid, leaving capital repayments until the life policy matures, and the loan lasts for between 10 and 25 years. Towry Law recommends the scheme, mainly thanks to Standard Life's strong record of investment performance.

NatWest has a loan scheme which is recommended by the Independent Schools Informations Service (ISIS). This, similarly, has a draw-down facility, and offers 2.5 per cent over base rate. Again, you repay using an endowment over anything from 10 to 25 years.

Both are worth looking at, but check the possibility of re-mortgaging. The risks are evident and you will need iron self-discipline to save for repayments, but home-secured debt is still, as a rule, the cheapest. Re-mortgage lenders should be keen to offer you a draw-down loan, and the rates, particularly if you go to a broker, beat the banks.

John Charcol offers a draw-down re-mortgage, at 12.35 per cent with a "chequebook" facility – particularly convenient for school fees – at 13.35 per cent. Charcol can also allow you to convert re-mortgage money into your main mortgage account.

Kleinwort Benson's Mortgage Management Account offers a similar draw-down loan, with minimum loan instalments of £1,000, at 12.35 per cent. Both schemes have greater flexibility than the banks' schemes. They allow you to use PEPs or unit trusts to pay your fees, but, as Kleinwort Benson stresses, they also allow you greater opportunity to amass serious debt, if you are not disciplined.

FINANCE AND THE FAMILY

A pools winner's investment guide

I WAS delighted to read about Capt Ernest Hames, the 47-year-old Royal Engineers officer who has just won £1.6m on the football pools. If I won that amount, the first thing I would do is ask if I could have the money sent to my bank account by telegraphic transfer instead of receiving a cheque. That way, I would receive the money within hours rather than having to wait three days or more for the normal clearance procedures for a cheque.

If the pools company insisted that I accepted a cheque then I would rush it round to a bank, pay a £10 fee and ask for the cheque to have special clearance, which should take only a day. The reason for this is that with current interest rates, it ought to be possible to earn more than £1,000 for two days' extra interest on the pools win.

Then I would set in motion the establishment of a tax-efficient charitable trust, perhaps based offshore. Into that trust I would put £250,000 and ensure that it was properly invested to generate a worthwhile sum to be distributed to charitable causes of my choice each year, probably associated with medicine and health care.

This would salve my conscience and allow me to tell the pools company to throw away the begging letters. I would probably give away £50,000 to friends and relatives.

That leaves £1.3m. This is not as large a sum as it sounds. Suppose the purchasing power of sterling deteriorated at the rate it did in the period 1938-89. According to government statistics, what cost 4p in 1938 cost £1 to buy in 1989. The money has to be cushioned against inflation and the ravages of government taxation.

If I did not already have a house I would purchase one in a desirable part of England (like Poole in Dorset, near the sea). To take advantage of mortgage interest relief I would have a £30,000 mortgage. The house would probably cost around £400,000, but hopefully it would increase in value over the years and there would be no capital gains to pay when sold. It would probably cost a further £30,000 to furnish.

I am now down to £900,000. If I did not already have the maximum in premium bonds and National Savings certificates, then my wife and I would put £10,000 each in the tax-exempt fifth index-linked National Savings Certificates and £10,000 each in premium bonds.

The maximum initial £3,000 each would be placed in a Tessa (Tax Exempt Special Savings Account) and £6,000 each into Personal Equity Plans, all of which would be tax-free.

If there were any small businesses that were seeking to expand by means of a Business Expansion Scheme and they looked as if they had excellent long-term prospects, then my wife and I would invest the maximum £40,000 each.

I would take independent professional advice on the best way to secure appropriate sums to cover school fees and any further sums which my children might need to establish careers or a business. Possibly £200,000 would be set aside for that purpose. I now only have £562,000 left.

To safeguard the family's future, if we did not already have it, we would take out private medical, disability and accident insurances. Also, "dread disease" insurance cover, which pays out if any of us is found to be suffering from multiple sclerosis, Alzheimer's disease or similar illnesses.

To ensure the payment of the premiums on these policies, we would make "lump sums" payments into appropriate investments offering at least a minimum guaranteed regular return.

I would then have an enjoyable time spending £50,000 on investments in works of art by up-and-coming sculptors and artists. Hopefully, at least one of them would turn out to appreciate at the same, or a greater rate, than a David Hockney or a Henry Moore.

If I was contemplating running a business, I would use some of the remaining money for that purpose. But mostly I would tend to invest it in a mix of highly-speculative and "solid" shares in the UK and overseas, also establishing overseas bank accounts in case Britain's tax regime should suddenly change and make living overseas much more desirable. I might also contemplate the purchase of a modest property in the US, Canada or Switzerland, which could be rented out when not needed.

My wife would no doubt insist on a new car, so goodbye to £30,000 or so, although I would try to ensure that the car was one that did not depreciate in value too rapidly.

Perhaps £20,000 would be spent on a round-the-world family holiday, staying in favourite hotels such as the Shangri-la, in Hong Kong, the Hyatt Regency, Waikoloa, in Hawaii, and the Polynesian Hotel, in Disneyworld.

Finally, I would make sure that I continued doing the pools, especially as Littlewoods has announced that from August 17 its "limit" is to be increased to £2m. And I can think of even more ways to spend that sum . . .

Kevin Goldstein-Jackson

Cut up your card and get a reward

BARCLAYCARD holders who have been nursing a year-long grudge against the bank for imposing credit card charges can get their own back. The bank will refund the £8 fee slapped on its Visa card last June for customers who held it before that date if they close their accounts.

You must cancel some time *next week by sending in your* cut-up card. Not all statements are sent out on the same day and Barclays says you can claim a refund within 12 months of the charge's first *appearance on your statement.*

The bank says it has no plans to increase the charge, in spite of higher fees levied by two of its rivals.

Lloyds, which pioneered the charge as a means of punishing those more prudent customers who settled their bills every month, charges £12. Midland brought in a £10 fee this April.

Barclays has lost credit card accounts as a result of the *charge. There were 9m* Barclaycard holders before last June. Some 475,000 voted with their feet immediately after the fee was imposed and another 700,000 transferred to Connect *in order to have a free cheque* guarantee card.

The bank says it now has 8.6m card holders, about 1m of whom hold Mastercard (which also carries an £8 annual fee unless you already hold Visa). This means a net loss of 400,000 accounts.

There is still some point in going through the pleasurable process of scissoring your card. You can change to National Westminster, the only one of the big four to have held out on card charges, although it may only be a matter of time before it decides to fall in line. However, there are another 20 issuers of free cards in the UK.

Any smart alec who decides to return his Barclaycard, get a refund and then reapply for a new one can think again. Barclays says it will use its "discretion as to whether we open a new account."

Scheherazade Daneshkhu

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Portman BS	Instant Access	0202 292444	Instant	£500	11.70%	Yly
Cheltenham & Gloucester	London Share	0452 372372	Instant	£2,500	12.75%	Yly
Allied Trust Bank	*2 mth Notice A/C*	*071 626 0879*	*2 mth*	£2,001	12.40%	Yly
National Counties BS	90 Day A/C	0372 742211	90 Day	£25,000	12.85%	Yly
Cheshire BS	Monthly Premium	0625 613612	90 Day	£25,000	12.25%	Mly
Lambeth BS	2 Yr Term Share	071 928 1331	2 Year	£500	13.40%	Yly
Skipton BS	Optimum Bond	0756 700500	1.3.93	£5,000	15.00%	Yly
TESSAs (Tax Free)						
Exeter Bank		0392 50635	5 Year	£250	14.25%	Qly
	13.75% fm 1 Jul					
Cambridge BS		0223 315440	5 Year	£1	14.25%	Yly
Lambeth BS		071 928 1331	5 Year	£20	14.75%	Yly
National Counties BS		0372 742211	5 Year	£3,000	14.50%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	11.00%	Yly
UDT	Capital Plus	0734 560411	Instant	£1,000	11.10%	Qly
Chelsea BS	Classic P/Acc	0242 521391	Instant	£10,000	12.30%	Yly
				£25,000	12.80%	Yly
Northern Rock BS	Current A/C	091 285 7191	Instant	£25,000	12.28%	Mly
OFFSHORE ACCOUNTS (Gross)						
Leeds Permanent O'seas Ltd	Overseas Gold	0624 626266	Instant	£50,000	12.75%	Yly
C & G Channel Islands Ltd	Guernsey Gold	0800 717505	Instant	100,000	13.25%	Yly
Bradford & Bingley Douglas	Maximiser Ind	0624 662883	90 Day	£5,000	12.00%	Yly
Yorkshire BS Guernsey	O'shore Key Extra	0481 719898	180 Day	£50,000	13.50%	Yly
Bristol & West Int Ltd	International Bd	0481 720609	1.7.92	£5,000	13.00%	OM
				£25,000	13.35%	OM
GUARANTEED INCOME BONDS (Net)						
Canada Life FN		0707 51122	1 Year	£50,000	9.35%	Yly
AEGON FN		071 538 8800	2 Year	£10,000	9.30%	Yly
Prosperity Financial FN		0800 521546	3 Year	£2,000	9.30%	Yly
AEGON FN		071 538 8800	4 Year	£15,000	9.70%	Yly
Providence Capitol FN		*0256 768888*	*5 Year*	*£10,000*	*9.60%*	*Yly*
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	11.00%	Yly
	Income Bonds		3 Month	£2,000	13.00%	Mly
	11.75% frm 20.Jn					
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM

All rates (except Guaranteed Income Bonds) are shown Gross
* = Gross Equivalent Rate. Fixed; Fixed Rate (All other rates are variable. OM = Interest paid on maturity. N = Net Rate. B = Bond
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walshams House, Stalham, Norwich.

An inscrutable market

JAPANESE markets have been at their most *inscrutable in the past* few months. At first sight, there is not much value in the sector. Growth through the last decade was strong and sustained, but now seems to have reversed. The Tokyo market dropped 38.7 per cent in Yen terms last year (43.7 per cent in sterling terms).

The falling Yen and the high interest rates which followed forced equity prices down in the first quarter of last year, and Iraq's invasion of Kuwait did further damage.

Has the era of impressive massive returns ended? Schroder's Japan Small Companies trust has managed a mighty 704.7 per cent growth over the last seven years, on an offer-to-bid basis, according to Finstat. The natural reaction is that this cannot be the time to buy.

However, market sentiment expects a cut in interest rates before long and a cut in profits, particularly in Tokyo's smaller markets, and relatively strong growth.

According to Hambros, while annual recurring profit growth in the Tokyo Stock Exchange's First Section has averaged 9.4 per cent over the past five years, the equivalent figures are 12.9 per cent for the TSE Second Section, and 23.1 per cent for the Over The Counter (OTC) market.

Peter Oppenheimer of Hambros is bullish about future profit growth – for the next five years his forecasts for the three markets are 7 per cent for the TSE first section, 10 per cent for the second section, and 20 per cent for the OTC.

If these figures are right, value is there for the buyers, although Japan should still be viewed as a "stock-pickers' market". Oppenheimer is also attracted by recent Japanese institutional interest in the OTC. Nomura launched an OTC fund in April, while Daiwa, Nikko and Yamaichi are all planning similar funds by the end of June. Between them, they should inject $6bn.

Dunedin's Japanese Small Companies unit trust is third in the sector over five years, with 144.9 per cent growth.

John Authers reports on tricky times for investors in Japanese stocks

Like Hambros, Dunedin views Japan as a market for stock-pickers. But they seem to be looking at different stocks.

Nigel Barry, of Dunedin, says the current injection of cash into the OTC makes many stocks over-valued. "Some small companies in the OTC market have been pushed too high," he says. "We've reduced our OTC holding recently."

The OTC now has a bigger market capitalisation (US$136bn) than the second section ($126bn), or, for that matter, South Korea ($101bn), Hong Kong ($100bn) and Malaysia ($56bn). According to Barry some recent OTC issues reached too expensive a level before they could be bought.

This points Dunedin towards *the second section.* However, Barry says much research on individual OTC stocks is inadequate, allowing alert fund managers to find bargains.

The richest pickings are in *the services sector, which is* still relatively underdeveloped, compared with services in America and Europe. Minoru Tayama, of Hambros, is optimistic about Marutomi, a discount retailer of shoes, toys and jeans, Techno Ryowa, which makes air conditioning systems, and Yoshinoya, a fast food restaurant chain.

All of these have managed spectacular growth over the last ten years. Companies such as Marutomi, a discount niche retailer, might bring back unpleasant memories for British investors in Sock Shop.

Tayama and Barry argue however that retailers are surviving, although Japanese money is already tight. These companies have a long way to go before they have saturated all of Japan's suburbs.

Long-term figures show how difficult it is to pick stocks in Japan. Over ten years, the total variation in unit trust growth is from 631.2 per cent, by Schroder Japan Small Companies, to 224.8 per cent, by Barclays Unicorn Japan & General. Over seven years, the bottom trust managed 90.6 per cent growth, while Schroders' fund was piling on growth.

While opportunity is there, a lot rests on the skill of your fund manager. Investors should still treat investments in Japan as risk money.

Scottish electricity three times subscribed

THE offer for sale for the two Scottish electricity companies was three times subscribed when it closed this week.

This is a lower level of subscription than in the last two legs of the electricity privatisation programme: the offer for the English and Welsh regional companies was more than 10 times subscribed and that for the generators earlier this year 5.4 times.

Yesterday advisers to the flotation said the result was "finely-judged". They said it showed that the share sale, seen as tightly-priced in the City when the terms were announced, had not been a giveaway.

Because of the lower level of oversubscription, applicants will find they get a much higher proportion of the shares they sought when the basis of allocations is announced on Monday morning. Customer applicants in particular will benefit. In deciding how to spread out shares between applicants, the Scottish Office will give priority to customers who registered: Stock Exchange guidelines would allow up to half of the public offer to go to customers. Non-customer applicants who pre-registered get second preference.

According to advisers, slightly more than 2m applications were made by the public for an average investment at the fully-paid price of 240p of £1,400. So the public asked to buy £2.9bn worth of shares – the entire flotation including that allocated to institutions and overseas investors.

Clawback arrangements have been triggered, so out of that £2.9bn, £1.6bn is being made available for the public.

Market indications are that there will be early profits when dealings start on Tuesday. However, analysts say levels quoted by I.G. Index, the financial bookmakers, look over-optimistic. Yesterday, I.G was quoting ScottishPower at 128p and Hydro-Electric as high as 135p.

Clare Pearson

The Week Ahead

Turbulent times for BET

BET, the diversified business services group which is one of Britain's largest private-sector employers, reports on Monday with analysts expecting pre-tax profits for the year to March 31 to weigh in at £215m-£220m.

This would be well down from the £322.3m achieved a year earlier. The debt-laden group has experienced a turbulent few months since its shares nosedived in early February.

There are several points of interest, not least of which will be the performance of John Clark, the new chief executive since April 2.

The reporting season for the 12 regional electricity companies is expected to show they have comfortably exceeded profits forecasts made in their privatisation prospectus last November.

That is because these forecasts had built into them highly conservative assumptions about the volatile supply side of the business. The dominant and stable distribution side has also benefited from the cold weather. On a pro forma basis, as if it had been privatised for a full-year, EAST MIDLAND's historic cost pre-tax profits should reach nearly £100m, against the £76.3m forecast. The dividend payment will be kept in line with the prospectus. *SEVERN TRENT*'s £212m acquisition of Biffa, the waste disposal company formerly part of BET, is bound to form the main focus of attention when the water company announces results for the year to end-March on Thursday. Pre-tax profits should come out in the range £240m to £250m. That compares £217m, on a pro forma basis, for the previous year.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Brompton Hldgs.	65*§	63	53	11.75	Adia
Butler Cox	245*	242	131	14.30	CSC
Devenish (JA)	210††	204	220	108.06	Boddington
Frogmore Est.	349§§§	319	349	139.23	Southend Prop.
Goring Kerr	226½	200	189	8.41◆	Cambridge El Ind
Hamburger Brooks	220*§	195	195	2.87	Kimball Intl.◆
Ibex Hldgs.	10	8†	10	1.43	Corporate Servs.
Macarthy	205½	232	168	56.11	Grampian Hldgs.
Magnetic Mater'ls	50*§	54	43	9.17	TT Group
Quotient	201§§	193	118	27.52	ACT♣
Radio City A	385*	380	285	10.01	EMAP
SD-Scicon	44	54	38½	88.85	Cray Elect.
SD-Scicon	45*	54	48	90.87	Elect.Data Syst.
TACE .	257½	226	203	25.15	Cambridge El Ind
TMD Advtsg.	330††	330	247	29.39	Aegis Grp.

*All cash offer.††Cash alternative. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 14/6/91. †At suspension. §§Shares and Cash ◆ Already controls 71%. ♣ Already owns 13.1%. ◆ For 48.9%.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AAH Holdings	Mar	28,700	(32,800)	29.7	(33.2)	14.65	[illegible]
Acal	Mar	4,300	(4,410)	20.5	(19.0)	5.4	(4.5)
Airsprung Furn.	Mar	3,500	(2,350)	22.3	(13.1)	6.33	(5.5)
Alba	Mar‡	4,220	(3,080)	7.11	(5.12)	4.35	(3.25)
Amersham Intl.	Mar	16,500	(23,900)	18.2	(19.0)	11.8	(11.8)
Anglian Water	Mar	152,800	(139,000)	45.9	(42.1)	17.5	(15.3)
Anglo United	Mar	15,780	(15,320)	5.3	(8.2)	1.6	(7.4)
Barbour Index	Apr	3,420	(3,370)	13.8	(13.3)	6.6	(6.0)
British Land	Mar	31,000	(44,800)	10.7	(14.1)	5.75	(5.25)
BSS Group	Mar	13,340	(14,530)	41.6	(47.5)	17.2	(17.2)
BTP	Mar	18,080	(17,250)	15.8	(13.6)	8.4	(7.85)
Cable & Wireless	Mar	609,000	(527,000)	31.3	(31.3)	11.8	(10.0)
Cape	Mar	17,140	(17,820)	23.9	(27.7)	10.5	(9.5)
Caskel	Mar	212	(3,200)L	0.4	(-)	0.2	(0.1)
Cater Allen	Apr	7,920●	(7,440●)	-	(-)	25.0	(24.5)
Cropper (J)	Mar	1,480	(1,020)	15.0	(12.0)	2.9	(2.7)
Drummond Group	Mar	379 L	(1,010)	-	(2.89)	1.0	(2.58)
Elga Group	Mar	1,310	(1,080)	8.15	(6.69)	2.5	(2.0)
Elswick	Jan	2,220	(2,420)	1.01	(1.67)	0.6	(0.6)
EMAP	Mar	30,790	(38,030)	14.3	(18.1)	6.9	(6.5)
Erskine House	Mar	12,090	(15,590)	14.5	(19.7)	6.65	(6.65)
Faupel Trading	Mar	1,120	(1,020)	8.4	(8.5)	4.9	(4.9)
Finlay (James)	Dec	9,700	(12,290)	6.2	(8.5)	4.15	(4.15)
FKI	Mar	40,150	(54,720)	6.71	(8.38)	3.3	(4.0)
Grand Central	Dec	1,340	(83 L)	2.00	(-)	1.1	(1.0)
Hambros	Mar	80,400	(75,300)	27.0	(28.9)	12.8	(11.5)
Johnson Matthey	Mar	66,800	(48,200)	24.3	(17.1)	9.25	(8.5)
Kambrey	Mar	1,080	(429)	2.56	(1.02)	0.375	(-)
Locker (Thomas)	Mar	1,640	(3,000)	2.75	(4.6)	1.6	(1.6)
London Int'l.	Mar	39,300	(38,500)	17.4	(18.7)	9.25	(8.35)
London & Metro.	Dec	100.3mL	(10,390)	-	(15.0)	-	(8.65)
Mansfield Brew.	Mar	8,040	(8,830)	38.6	(42.0)	12.1	(11.3)
Marston Thompson	Mar	18,340	(17,350)	14.4	(13.2)	4.46	(4.02)
Meyer Int.	Mar	36,100	(70,800)	27.9	(54.8)	18.5	(18.5)
M&G Second Dual	May	3,170	(2,950)	23.8	(22.1)	23.78	(22.1)
ML Holdings	Mar	6,290	(10,590)	8.3	(13.8)	3.45	(3.45)
National Grid	Mar●	111,600	(104,500)	-	(-)	-	(-)
Nation. Anglia	Apr	284,700	(233,800)	-	(-)	-	(-)
Northern Foods	Mar	105,400	(90,200)	34.7	(29.2)	14.5	(12.5)
Osborne & Little	Mar	892	(1,730)	7.9	(15.2)	4.35	(5.8)
Oxford Instrum.	Mar	12,070	(19,850)	18.8	(26.8)	4.15	(3.9)
Porter Chadburn	Mar	7,010	(7,210)	7.71	(8.94)	2.40	(2.17)
Portsmouth & Sun	Mar	5,280	(5,860)	30.2	(35.9)	8.24	(7.9)
Property Part.	Mar	2,060	(2,320)	13.4	(14.4)	6.8	(6.35)
Racal Electronic	Mar	222,920	(201,370)	8.36	(9.10)	3.71	(3.61)
Racal Telecom	Mar	244,680	(164,780)	16.9	(11.8)	5.27	(2.45)
Regalian Props.	Mar	11,110	(11,050)	8.3	(8.33)	4.4	(4.0)
Rowe Evans Invs.	Dec	932	(2,350)	2.78	(5.23)	1.0	(2.0)
Saleland	Mar	335	(3,040)	1.1	(11.4)	1.0	(3.84)
St James's Place	Mar	26,200	(57,900)	7.4	(11.5)	3.0	(-)
Salvesen (C)	Mar	66,600	(62,100)	18.6	(15.0)	6.6	(6.0)
Smith New Court	Apr	7,570	(14,530)	4.1	(23.5)	3.5	(3.0)
Somic	Mar	50	(206)	1.59	(8.13)	1.0	(2.5)
Staveley Inds.	Mar	28,000	(24,500)	21.2	(21.6)	8.2	(7.8)
Unigate	Mar	75,500	(105,500)	22.3	(31.5)	15.3	(15.3)
Vibroplant	Mar	6,190	(14,010)	9.84	(20.4)	3.6	(3.6)
Vosper Thorn.	Mar	14,280	(12,020)	31.2	(25.2)	11.3	(9.87)
Waddington (J)	Mar	16,030	(17,810)	14.7	(16.3)	7.9	(7.9)
Wardell Roberts	Mar‡	2,880	(2,260)	10.6	(9.8)	3.146	(2.86)
Welsh Water	Mar	128,100	(97,000)	82.2	(61.7)	19.5	(-)
Worthington (AJ)	Mar	515	(465)	3.6	(3.3)	0.75	(0.62)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Berisford Int'l.	Mar	16,100L	(21,400)	-	(-)
Bradstock Group	Mar	3,730	(4,020)	1.35	(1.25)
Brooke Tool Eng.	Mar	122	(830)	0.25	(0.72)
Burndene Invest.	Mar	1,470	(2,190)	2.0	(3.0)
Caldwell Investments	Apr	153	(63 L)	-	(-)
Carr's Milling Inds.	Mar	52	(420)	1.0	(1.75)
Chiltern Radio	Mar	234 L	(403)	1.0	(1.0)
Chrysalis Group	Feb	2,850 L	(487)	-	(2.0)
Control Techniques	Mar	1,100	(2,600)	2.15	(2.15)
Daily Mail & Gen.	Mar	23,900	(32,000)	29.0	(27.0)
Dwyer	Mar	644	(586)	1.5	(1.5)
Eldridge Pope & Co.	Mar	264 L	(51)	0.87	(1.75)
First Leisure Corp.	Apr	12,100	(10,100)	1.74	(1.55)
Fyffes	Apr‡	9,380	(9,230)	0.32	(0.29)
Greencore	Mar‡	14,360	(11,650)	-	(-)
Hawtin	Mar	703	(550)	-	(-)
Intercare Group	Apr	452	(169)	0.5	(-)
Johnson & Firth	Mar	5,090	(5,700)	1.0	(1.0)
Lombard North Cent.	Mar	1,400 L	(23,900)	-	(-)
London & Clydeside	Mar	855	(772)	1.8	(1.8)
London Scottish Bank	Apr	1,640	(1,810)	0.87	(0.87)
Lovell YJ	Mar	1,520	(5,290)	2.2	(2.2)
Midlands Radio	Mar	307	(981)	1.5	(2.5)
Neotronics Tech.	Mar	1,510	(1,250)	0.8	(0.8)
RCO Holdings	Mar	2,060	(1,730)	4.2	(3.5)
United Drugs	Mar‡	1,220	(1,150)	1.8	(1.7)
Watson & Philip	Apr	4,200	(3,800)	4.0	(3.1)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ Last years figures for 9 months.‡ Figures quoted in Irish pounds and pence.● Post tax profits.

RIGHTS ISSUES

Amber Day is to raise £24.4m via a 1-for-3 rights issue at 83p.
Anglo United is to raise £25m via a one-for-three rights issue at 31p.
Bespak is to raise £10.9m via a 1-for-4 rights issue at 315p.
Fyffes is to raise I£60m via a rights issue.
Regalian Properties is to raise £20.1m via a 1-for-3 rights issue at 71p.
Staveley Industries is to raise £27.4m via a 1-for-5 rights issue at 150p.
Tie Rack is to raise £3.1m via a 1-for-2 rights issue at 22p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
BAA	Monday	4.5	7.0	5.25
Bertam Holdings	Monday	-	2.2	-
BET	Monday	4.0	9.0	4.25
Simec Industries	Wednesday	0.33	0.67	0.5
Booth Industries	Wednesday	0.7	2.5	0.7
Charter Consolidated	Tuesday	6.5	13.0	7.0
Cranswick Mill Group	Monday	1.85	3.7	2.0
CST *Emerging Asia Trust*	*Friday*	-	0.35	-
Dartmoor Investment Trust	Tuesday	2.25	2.25†	2.5
Dawson International	Thursday	2.9	6.1	2.9
East Midlands Electricity	Wednesday	-	-	-
F&C Smaller Companies	Monday	0.45	1.05	0.6
GEI International	Thursday	2.35	4.85	2.47
Harrison Industries	Monday	2.3	5.0	2.0
Melville Street Investments	Tuesday	1.0	3.0	1.5
Mountview Estates	*Wednesday*	4.0	7.5	6.0
Office & Electronic Machines	Friday	0.1	-	0.1
Penny & Giles International	Thursday	1.25	3.0	1.45
Portsmouth Water	Thursday	-	-	-
Premier Consolidated Oilfield	Thursday	-	-	-
Proteus International	Monday	-	-	-
Reject Shop	Monday	1.05	2.1	1.05
Renold	Tuesday	1.2	2.5	1.2
Security Archives (Holdings)	Wednesday	2.5	4.0	3.0
Seton Healthcare Group	Monday	-	-	0.4
Severn Trent	Thursday	-	9.9	5.85
Shelton (Martin) Group	Friday	0.75	1.75	0.75
Stoddard Sekers Int'l.	Tuesday	0.55	1.95	0.55
Tinsley Robor	Tuesday	0.75	1.35	0.75
United Industries	Friday	1.2	1.8	0.5
Volex Group	Monday	6.5	10.5	6.5
Wellman	Tuesday	0.75	1.35	0.8
INTERIM DIVIDENDS				
Brunner Investment Trust	Friday	2.0	2.3	
Chemring Group	Thursday	9.0	17.95	
Electra Investment Trust	Thursday	3.0	3.1	
Electronic Data Processing	Monday	0.77	2.22	
Gardiner Group	Wednesday	0.37	0.78	
Grainger Trust	Friday	1.2	4.05	
Hilclare	Friday	-	1.0	
Lookers	Thursday	2.0	4.2	
LPA Industries	Tuesday	1.65	1.67	
Moorfield Estates	Thursday	1.6	1.2	
Murray Enterprise	Friday	-	-	
River Plate & General Invest.	Thursday	3.0	5.47	
Sandell Group	Wednesday	1.7	-	
Stakis	Thursday	0.9	1.8	
Treatt	Monday	1.0	2.25	
TSB Bank Channel Islands	Thursday	2.78	4.55	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.† 2nd interim dividend. ‡ 3rd interim dividend.

The Smart Saver

Building your future on just £25 a month

Scheherazade Daneshkhu introduces a new series

A mere 80p a day may not seem worth putting aside. But smart saving can begin with as little as £25 a month.

What you put the money into depends on your circumstances. Are you earning a lot but have a mortgage and high outgoings? Do you pay tax? Or are you a student? Are you the cautious, committed type, happy to tie up your money over a long period, or will you up and away if that job in Hong Kong materialises?

For the cautious, as well as those interested in the short term, cash is king. "If you only have £25 a month to save, it probably means your margin for saving is very tight so don't go for anything contractual. Keep it in cash," advises Nick Mercer, joint managing director of the Bristol-based Hill Martin. The roof of your house might fall in or your pay rise might be deferred and you may have to lay your hands on your hard-saved cash in a hurry.

You should not keep it under the mattress. An instant access building society account or national savings are probably the best in this case.

Twenty-five pounds a month could be invested in the Yearly Plan from National Savings. After 12 months, you get a certificate which, if you hold it for a further four years, will get you a tax-free return of 8.5 per cent.

Or you could buy the 36th issue National Savings certificate which costs £25 and which will pay 8.5 per cent a year, as long as you hold it for five years. If you cash it in before this you will receive a reduced rate: 5.5 per cent in the first year, gradually rising to 7.5 per cent in the fourth year. Withdrawals are dependent on eight days' notice.

If you think inflation rates are likely to remain high, you could buy an index-linked National Savings certificate, also for £25. The fifth index-linked issue guarantees you a return 4.5 per cent above the inflation rate. Once again though, if you cash it in earlier than the five-year term, you will get a lower rate of interest. In the first year it will be index-linked only, but at least your money will not have dropped in real terms.

To work out whether this is worthwhile, ask yourself what rate inflation will average over the next five years. If you think it will be higher than 4 per cent, then the index-linked offers better value than other National Savings products.

An interest rate of 8.5 per cent may not seem the most competitive at the moment but remember it is tax-free and guaranteed not to fall. You will need to earn 11.33 per cent on a gross account to beat it, if you are a 25 per cent taxpayer, and 14.17 per cent if you are a higher rate taxpayer. Those rates would be hard to achieve elsewhere if you are only saving £25 a month.

The best rates offered by building societies tend to be on accounts of £500 or above. Below this, the rates vary considerably. For example, you can open an immediate access account with Southdown building society with £1. It pays 8.6 per cent net. On the other hand, Lloyds Bank pays 4.31 per cent interest on its instant savings account.

The tax-payer can also receive gross interest from a Tessa (tax-exempt special savings account). These are dishing out anything between 10 per cent and 15 per cent free of tax and are essential for any tax-payer who can lock the capital away for five years.

The best rates are paid if you can invest a maximum of £3,000 in the first year and £9,000 over five years. Most rates are variable although there are a few fixed offers. If an emergency arises and you have to withdraw the capital, the worst that will happen is that you will pay tax on the interest.

Non-taxpayers may benefit from better rates at the banks and building societies but Stephen Weatherley, customer liaison manager of Boyton Financial Services, says he would advise the student or non-taxpayer to open an account with an offshore building society, presently paying 13 per cent gross.

Real capital gain will only come to those who do not want to play safe. If you want more than interest, you can beat a risky path through the stock market – but you have to be prepared to lose money as well as to make it. "The last thing you should consider is stocks and shares unless you have liquid assets," says Geoff Bailey, senior investment manager at Lloyds Bank.

He recommends an investment trust – a fund which buys shares in other companies – as "an extremely efficient way of getting into the equity market" without the higher costs of a unit trust. But he warns the investor to make sure that the investment trust is not geared and has its assets broadly-spread to minimise risk. Not all investment trusts will let you get in with £25 a month but many, such as Touche Remnant, allow you to start with that amount.

Many small savers are encouraged to buy an endowment policy – savings schemes linked to life assurance – by salesmen and advisers who earn commission from selling these products.

In spite of the charges, Bailey believes endowments are good investments for those with families. "If you take a 10 to 20-year period, endowment policies are still attractive even compared with equity investment and are a lot safer because of guaranteed bonuses. I've got one of these myself."

However, Weatherley disagrees, because of the expense and commitment that endowment policies demand. "You pay for the life assurance element, the commission, policy charges and there are problems if you want to come out early. I'm not convinced it's the best route," he says.

Tax-efficient PEPs (personal equity plans) get the thumbs down for the £25-a-month saver, even though many accept this as the minimum investment, because of their expense. "Even with a high-yield PEP the actual tax you would be saving is £5 a year – the charges will outweigh this," says James Higgins of London-based advisers Chamberlain de Broe.

Before considering these options, smart savers should look at their borrowings. Overdrafts and credit cards should be paid off since these extract far more than any investment can bring in – other than a long-shot Derby winner.

■ *Future articles will cover investments up to £1,000 a month.*

The unit trust route to pension planning

Debbie Harrison reports on a useful method of long term saving – provided you watch out for the charges

UNIT TRUSTS might seem an obvious investment vehicle for those saving for their retirement through a personal pension.

However, sales of unit trust personal pensions have been restricted by the industry's decision to pay financial advisers a flat 4 per cent commission on sales rather than the higher rates generally paid by life offices.

Currently only Fidelity, Gartmore and Rothschild Asset Management (RAM) offer an individual personal pension. Touche Remnant is in the market but confines itself mainly to small company schemes.

Unit trust personal pension plans are not the same as the unit-linked plans offered by life offices, although the investment opportunities and risk profiles are very similar. Both generally offer a spread of investments ranging from the more volatile specialist overseas markets to the relatively stable managed funds. What really differentiates unit trust groups from life offices as providers of personal pensions is their charging structure.

Alex Weiland, managing director of pooled pensions at Gartmore, said: "People should look very closely at the penalties imposed on early transfers from unit-linked contracts. Life companies frequently use such devices as capital units or reduced allocations in the early years."

Capital or initial units, which often account for the first two years' premiums under a regular premium unit-linked plan, carry a higher annual charge than standard or accumulation units. This charge continues for 20 years or in some cases the full term of the contract.

The other common method of unit-linked charging referred to by Weiland is the reduced allocation system where only a percentage of the first two years' premiums is invested on the individual's behalf. These front end charges, part of which pay the advisers' commission, can badly affect the value of a fund which is terminated within the first few years.

Even on lump sum investments where the apparent charging structure between unit-linked and unit trust groups is similar, there can be a significant difference in approach. Peter Jordan, technical manager for personal pensions at Fidelity, pointed out that unit-linked providers do not operate under such a strict regime as the unit trust groups.

Jordan said: "Consequently a unit-linked company can duplicate initial charges by investing in its own unit trusts, it can increase or vary charges without notice or limit and it can protect management income by making flat rate indexed charges alongside percentage charges. Furthermore, companies can apply rounding in the calculation of their unit prices."

In spite of the maxim that pension plans are long-term contracts, the simple fact remains that many policies are terminated in the early years through changes in financial or employment circumstances. According to research from Professional Life the average life expectancy of a pension plan is just six years. Professional Life is one of only two life companies offering non-commission-based products through independent advisers. The other is Provident Life.

The charges and minimum premiums on the three individual unit trust personal pension plans are as follows:

Fidelity: Initial 5.25 per cent; annual management charge on first premium 1.25 per cent; thereafter an annual management charge on the underlying unit trust of between 0.5 per cent and 1.5 per cent. Minimum premium £200 per month or a single premium of £2,000 (both figures will shortly be reduced).

RAM: Initial 5.25 per cent; annual management charge 1 per cent. No minimum premium.

Gartmore: Initial 6 per cent; annual management charge 1.5 per cent. Minimum premium £100 per month, £1,000 per annum, £2,000 single premium.

The limited choice of unit trust personal pensions has hampered the development of this market. Several big names including Save & Prosper and M&G avoided the unit trust route and chose to offer a unit-linked personal pension plan through their life operations. Mercury Fund Managers set up Mercury Life in July 1989 specifically to provide a unit-linked plan while Midland Bank in spite of its initial success with a unit trust personal pension switched recently to a unit-linked product.

But the specialist personal pensions market is about to receive a shot in the arm from the investment trust companies which hope to enter the market in the autumn once they have sorted out the legal niceties of the Securities and Investment Board's rules on the appropriate fund structure.

Of course it is already possible to put pension money into an investment trust through existing insurance-based products. Skandia Life and NEL Britannia offer a limited choice of investment trusts through their unit-linked plans. Investment trusts are also an option under self-administered personal pensions (Sapps) available from Pointon York, Provident Life, Personal Pension Management, Killik & Co and BMI.

Both unit and investment trusts offer excellent long term growth records, which are appropriate for those who have many years to wait before retirement. In the short term, however, they can fall substantially and investors should be cautious if they are close to retirement age.

■ *Unit trust personal pension plans available from: Fidelity 0732-361144; Gartmore 071-623-1212; Rothschild Asset Management 071-280-5000; Touche Remnant 071-248-1250. Non-commission-based products from Professional Life 0703-232323; Provident Life 0256-470707.*

Damp response to a flat refusal

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

WE OWN a second floor flat. We are leaseholders, the head leaseholder is a limited company and the freeholder occupies the ground floor flat.

The roof is in a poor state of repair, so much so that two of our rooms are showing signs of damp – one particularly badly, with the plaster bubbled and flaking. We have tried to contact the head leaseholder, who appears to have disappeared; there is no record of them as a limited company at the companies registration office, and the contact address we did have – a solicitor's – is no longer any use since the solicitor has told us he no longer represents them.

The freeholder (somewhat eccentric) has said nothing except his ceiling is his responsibility. He also says he will not allow access to the roof, or people "will be instantly removed" (sic). Our flat is deteriorating quickly and we wish to sell, but would have chance given the state of the roof and this impasse at the moment. What can leaseholders (there are three of us in addition to the freeholder in the house) do in a situation like this?

■ You must consult a solicitor promptly, getting the other leaseholders to join you if at all possible. You will need to consider applying to the court for either or both of:

"(a) an order directing the reversioner to effect necessary repairs to the roof, and

(b) an order appointing a receiver and manager of the block of flats.

These order are available under recent Landlord and Tenant Acts. As such an order can be registered against the reversionary title as cautions, the freeholder may well decide to step in and assume responsibility once it is clear that you are going to take firm action.

A landlord's dank view

I OWN a house divided into two flats, one of which is let to an elderly protected tenant. The council pay her rent. In March 1989, unknown to me, the tenant complained to the local health department that dampness in the flat was affecting her health.

The health inspector reported: "The property suffers from very severe dampness which has resulted in extensive mould growth in the living and bedroom. I would regard the conditions in the flat as being prejudicial to the health of the occupant. An improved form of heating such as gas central heating could be likely to improve the situation and I ask you to consider having such work carried out. The council is sympathetic to grant aiding central heating where it would benefit a disabled person having high medical priority and would be prepared to contribute 75 per cent of the cost."

I agreed to the council's proposals and my share of the cost was £483. However, my income tax inspector will not allow these costs as expenses.

I appealed and he replied: "I have received a copy of the health inspector's report but must advise you that the circumstances under which you installed the central heating do not affect my decision to disallow this expenditure. This is because for income tax purposes the installation of central heating which does not replace an existing system constitutes an improvement to the property and not a repair".

In view of the health inspector's report requesting me to install central heating I feel that the tax inspector's decision is wrong. Do I have any grounds for a further appeal?

■ Unfortunately the inspector of taxes is correct in his reasoning. The mere fact that you are requested (or even compelled) by the local authority to make a capital expenditure will not make that a deductible expense for income tax purposes where the expenditure is not for a replacement of an existing system. It would be quite hopeless to appeal.

Let there be light

IN 1972 I sold the cottage next to mine. An extension was built at the rear with a small window about 1½ ft square overlooking my garden and right on the party line. The main source of light on the extension is from two big windows on the opposite side. I wish to build a similar extension to my own cottage. Will the existence of this window preclude my building.?

■ Provided that you build your extension before the expiry of 20 years from the date of the completion of the extension next door, you are entitled in law to build even so as to obscure light coming to the its windows. However, it is possible that an application for planning permission would be rejected if the proposal involves a serious interference with the light coming to those windows.

Access to extension

SOME YEARS ago, the owners of the house next door, which is at right angles to ours, built a two-storey extension about 40 ft long, the base of which was right on the boundary (25 ft from our house), with the eaves actually overhanging our garden. Later, they built another extension on to this, 11 ft high and about 12 ft long. They started to build it well over the boundary and great deal of unpleasantness ensued in preventing this. They moved out two years ago, having extended in all directions and finding that the DoE was no longer so co-operative about further plans.

New people have moved into the house. Is there any legal obligation for us to allow them or their workman access to our garden in order to repair the the roof or the wall which is right on the boundary?

There is no obligation in law for you to permit access over your land to facilitate repair or maintenance of the extension unless such access has been allowed on a regular basis over a period in excess of 20 years.

A gift and tax advice

I AM 60 and I want to make a gift of £38,000 to my son to help him buy a house. This will deprive me of half my income, all of which is derived from my first husband's estate. My second husband is happy to support me on his modest pension and we live quietly in great contentment. Should I seek professional advice on the tax implications of this gift?

■ Unless you die within seven years, the cash gift to your son does not have to be reported to the Inland Revenue (unless your tax inspector should enquire why your investments have been sold and not replaced). The sale of the investments will, of course, have to be reported in the capital gains section of your tax return. As you are happy to rely upon your husband to support you, and are presumably confident that you can support yourself after his death, should he die before you, we see no reason to engage the services of an independent adviser.

WHEN THE entire board is selling investors should take note. Four directors of Micro Focus, the computer software group, have realised a total of almost £2.2m. Micro Focus has been one of the market's best performing shares, doubling in value since the beginning of the year because of heavy US buying. Even after this profit-taking, however, the directors still retain large holdings.

Two weeks ago we reported two directors selling stock in Whatman, the filtration system company. This week another director has followed suit, realising £95,000 and reducing his existing holding by more than half. The shares have risen by more than a pound since the beginning of the year.

Macallan-Glenlivet, famous for its Macallan malt whisky, stands on one of the highest price-earnings ratings in the market. Long-standing speculation about the intentions of large stakeholders Suntory and Remy Cointreau has not deterred chairman Allan Shiach and managing director William Phillips from taking profits at this level. They sold a total of 169,000 shares at 280p.

HTV Group continues to be bought heavily by members of the board. The company faces three challengers for its Wales and west of England television franchise, but the outcome of the current bidding contest is not expected until the autumn.

Angus Macdonald, Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Abbeycrest	15,000	14	2
Adwest Group	20,000	20	1*
Ashley Group	400,000	384	1
British Telecom	110,170	420	1
Candover Invests	6,000	17	1
Cattle's Holdings	15,000	11	1
Cluff Resources	1,636,029	1,342	1
Corporate Services	9,000,000	214	1
Courtaulds	60,000	285	1
Dunhill Holdings	45,604	209	2*
Geest	750,000	2,408	1
Hickson Intl	12,000	20	1
Inchcape	411,200	1,320	3*
Lilleshall	15,000	16	1
M & G	2,200	11	1
Macallan-Glenlivet	169,000	473	2
Matthews (Bernard)	30,000	25	1
Metsec	80,000	128	1
Micro Focus Group	128,971	2,180	4
Midland & Scot. Res.	1,000,000	1,060	1
Morrison Wm S'markt	15,600	40	1*
Perkins Food	200,000	302	1
Ropner "A" N-Vtg	58,000	66	1*
Sinclair Goldsmith	500,000	180	1
Unilever	35,368	288	1*
Whatman	20,000	95	1
PURCHASES			
Abbeycrest	30,000	28	2
Arcadian Intl	11,000	10	1
Betterware Con Prod	8,680	23	1
Cluff Resources	24,000	11	3
HTV Group	173,500	84	6
Lilleshall CCR Prf	15,000	15	1
Ramsden (Harry) B	30,000	18	2
Reed International	5,000	20	1
Takare	75,000	107	4
Try Group	20,000	10	1
Value & Income Tst	40,000	26	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 3-7 June 1991.

Source: Directus Ltd, Edinburgh

MINDING YOUR OWN BUSINESS

Computing/Jean Miles

Mr Micawber's screen test

MY NEW year's resolution to put the domestic finances on computer looks set fair to last until the summer solstice. Recently I added Lawnwood Investments' MoneyBox to the list of programs I have tried.

MoneyBox is a fairly new program. It takes advantage of the generous quantities of Random-Access Memory (RAM) to be found on even the cheapest computers these days to provide a fast, smart system for home accounts and budgeting.

It has one outstanding party trick: a facility for monitoring a bank or credit card account in a foreign currency.

As you work with the details of the account, the entries appear in the chosen currency. When you go back to the balance sheet, they appear as pounds sterling. If you use your roubles to buy a pair of trousers, the rouble account will be reduced by the necessary number of roubles but the clothing account will list the purchase in sterling. The exchange rate can be altered as required. I have not found this on offer anywhere else.

The program's good qualities are, however, protected from the user by an opaque manual and an inner hedge and ditch of dense bookkeeper's language. Mr Micawber might have been disconcerted if required to recast his recipe for happiness in terms of net current assets and secured liabilities. And I am not sure that the balance sheet approach is entirely suited to the jungle of domestic life.

The home budgeter needs to know how much is coming in and how much is going out. (Mr Micawber was right.) It is helpful to set up a budget and compare outgoings with estimates. This is particularly useful for those vague categories with names like "Personal" or "General Household" or best of all "Sundries" which lie at the edge of the budget but at the centre of life. It is useful to be able to move quickly to an itemised list of outgoings under a particular heading. MoneyBox does all these things well, although not quite as well as my favourite budget program, Personal Cashflow. Specifically, I could not persuade MoneyBox to add up my budget estimates to give me an overall estimate for the month. And I could not add a tag to a budget estimate, as I can in Personal Cashflow, to remind myself why I have set the figure as I have. That is important, I find.

What the budget-keeper does not need to know is how much is being deducted from wages by PAYE, or how much Composite Rate Tax is represented by a particular building society interest receipt, or how much the cat is worth. MoneyBox expects to receive all that information. Since the program has no intention of helping with the income tax return or with portfolio management, I see no point in telling it anything except actual income and outgoings.

To do MoneyBox justice, it can be moulded to the user's wishes to a considerable extent. And to do it further justice, once you have surmounted the difficulties of getting started, it is virtually self-explanatory. Throw away the manual, forget about your net worth: there is still a lot left here.

■ *MoneyBox requires an IBM-compatible computer with at least 512K RAM and two disk drives or a hard disk. The recommended retail price is £59.95. It can be ordered from any bookshop, or through Crocodile Computers 207 High St, London SE20 7PW. 081-659-9773.*

■ *Personal Cashflow requires an IBM-compatible computer with 512K RAM. It costs £69 from Majengo Software, 3 Hatter's Croft, Cockermouth, Cumbria CA13 9RJ. 0900-824945. A free demonstration disk is available.*

Rat-race refugees who analyse the City

Two investment researchers tell ***Antonia Sharpe*** *why they went independent*

TWO people are quietly tapping into a lucrative field of investment research which the large brokers in the City have neglected in their pursuit of commission and corporate finance mandates.

Elena Scott-Forbes and Jeremy Evans both enjoyed successful careers in the securities industry when they decided to go into business by themselves. Scott-Forbes was responsible for investing $½bn in continental European equities for Robert Fleming Investment Management. Evans set up and subsequently ran the European equity sales team at Robert Fleming Securities.

About two years ago, over lunch with Evans, who was one of her brokers, Scott-Forbes expressed a desire for unbiased company research free of the conflicts of interest inherent in the City. Furthermore, she wanted more research on the many smaller continental companies which the large brokers did not follow. Evans's response was enthusiastic.

By bouncing the idea off other London-based fund managers who invested in continental Europe, the pair found that there was demand for the kind of product they had in mind – quality long-term company research unaffected by corporate interests or the need to generate commission. They decided to leave their jobs and start a service doing just that. They had an offer of backing from the venture capital company 3i but they were able to raise nearly £½m from private individuals who wanted to make a long-term investment.

The European Company Research Unit (ECRU) was set up during 1990 as a limited company with 15 shareholders, and is a member of Fimbra. Scott-Forbes and Evans, who are the company directors, the non-executive chairman Sir Austin Pearce and employees have majority control of the equity. ECRU is not expected to break even until the third year of its life, which is beneficial for tax purposes since the losses can be carried forward and offset against future tax demands. Although the directors preferred not to give further financial details at this early stage, they said the number of subscriptions had exceeded their budget.

ECRU offers research on French, German and Italian companies whose freefloats are under £250m. Its clients are exclusively institutional investors in continental European equities and they pay an annual subscription fee for the service. The number of subscribers is limited so that the research can be tailored to their needs, in contrast to the mass-circulars sent out by the large securities houses.

Cost control is central to the development of the business, partly to avoid the pitfalls of over-rapid expansion and excessive spending which trip up many start-up ventures, but also as a considered response to the excesses of the City.

ECRU operates from a low-cost office in London's Notting Hill. Most of the furniture was bought at Ikea, the Swedish self-assembly manufacturer. Travel costs are cut by planning ahead, getting deals from travel agents and staying in modest hotels or with friends. An essential was Scott-Forbes's fierce haggling with computer and photocopier suppliers.

"The reason why we all make an effort to keep costs as low as possible is because we wish to pay a highly incentivised package to those working in the company," she says. "If we waste money needlessly we will not be able to do this."

The biggest overhead is staff. ECRU currently employs four analysts, with an average age of 30, who produce a steady flow of detailed information. Scott-Forbes oversees the daily running of the company and edits each piece of research before it is published. Evans is in charge of marketing and liaison with clients.

ECRU might hire a more analysts but the aim is to keep the operation small. Evans earns much less than he did as a broker and ECRU has not had to match City salaries to attract top analysts. The directors were surprised at the number of applications from high-calibre individuals keen escape the politics of the big securities houses and concentrate on writing research. Their only distraction at ECRU is opening the French windows to Scott-Forbes's dog.

"We want to preserve a studious atmosphere and there is no room here for prima donna personalities," she says.

■ *European Company Research Limited (ECRU) Tel: 071-221-9936 and fax: 071-221-2678.*

Tony Andrews

In the pink: Jeremy Evans and Elena Scott-Forbes of European Company Research

A moving tale in hard times

Jane McLoughlin *on two women who are not afraid of the R-word*

"LOADSAMONEY, loadsafun, and giving an excellent professional service without sacrificing living for work" – that's what Pat White and Sue Bird had in mind when they decided to go into business together.

The idea of starting up White Bird together came before they decided what their business would be. They had met while working at the Notting Hill Housing Trust and when Pat's husband's work took the family to the US they began trans-Atlantic planning of their company's future.

Before she went to the US, Pat had seen potential in developing small workshops out of derelict industrial buildings. But in 1988 the interest rate began to go up. "We knew by instinct not to touch the property market. That was our first wise business move – though the bank was offering us 80 per cent of £1m," says Pat.

But moving overseas had shown her how glad she would have been of a specialist letting and property management service to look after the homes of people who went abroad. Sue, too, had 16 years experience in housing management.

They took a room in Pat's home as an office. The service involves pre-letting advice, regular visits to the property, rent collection, monitoring tenants, and emergency repair contact.

For the first year, they gave their time free. Sue, a single parent with a young son, continued her job at Notting Hill. All the money they made went into buying office equipment outright – two word processors, fax and answerphone machines, phones, a bleeper and adding machine. This came to about £10,000.

Then someone asked for help relocating a company. Pat had used her experience as a basis for doing similar jobs in the US. One request led to more. White Bird selects premises, plans space, equips and furnishes, installs computer and telephone systems, organises security, even sends change of address cards. This side of the business grew, just as on the letting side the property market began to collapse, and estate agents diversified into property management

The relocation business brought in £10,000 in the first year. But last year they were knocked sideways by what they call the Big R-word. "At the end of August, office relocation just died. We had work, and then suddenly design builders and movers, decorators and carpenters were ringing us asking for work. £7,500 a month just stopped coming in."

They are falling back on property management. "We deduct our fee from rent when we collect it, and people still have to go abroad, so that's recession-proof," says Pat.

But they will not let the office relocation business lie down and die. They have started cold selling.

"Everyone we telephone is shelving any moving plans for 18 months or two years. This recession is different because the market is much more sensitive now to changes in the economy. There's no fat. And this time it is affecting the public sector and the private at the same time," says Sue.

So they have set out to acquire new skills. They had to learn how to cold sell. At a small business exhibition, a marketing executive from United Biscuits offered a morning's intensive training. "It was a revelation. We're not taught as a society to sell. We weren't doing anything wrong in our literature or letters, but he told us how to get the appointment. Prepare. And listen, rather than selling ourselves," Pat says.

"The concept of office relocation is American. There they wouldn't dream of someone in-house organising the move, but here they don't think of hiring professional outsiders. So we must sell the concept."

They use the flexibility they bring to family life as a business asset. "We're administrators. If we can open up a business, we can close it down. There must be opportunities we can use in the insolvency market now," says Pat.

■ *White Bird Office Relocation Services, 7 The Avenue, London W4 1HA, 081-994-2191.*

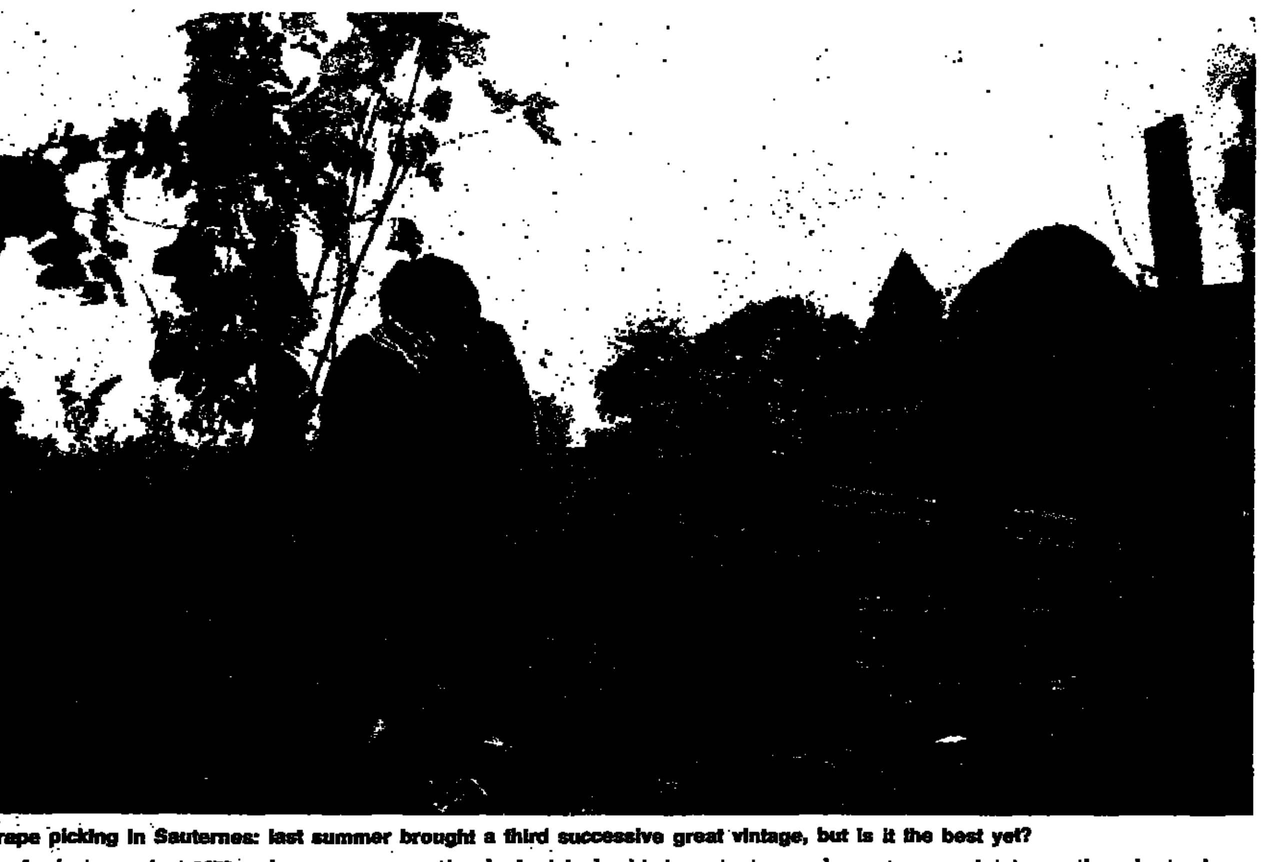
Out of strength there came forth sweetness

CAN YOU have too much of a good thing? When that thing is ripeness in Sauternes, some influential commentators on the Bordeaux market seem to think so, but I'm not so sure.

I tasted 32 super-ripe 1989 and 1990 Sauternes before lunch recently and felt revitalised by the experience. My pen, hands and clipboard were so sticky they needed hosing down, but then so did my enthusiasm for this truly, gloriously unique style of wine. (My palate, by the way, was not at all sticky; sweet wines as good as this positively tingle.)

It was en primeur specialist merchant Nick Davies, of The Hungerford Wine Company, and Bill Blatch, of Vintex in Bordeaux, who had assembled these samples of the two most recent vintages from most of the top Sauternes properties. This was not an entirely altruistic act, one assumes, since they are busy cooking up a special offer of these great sweet whites for Hungerford – presumably an attempt to make up for the somewhat sluggish market in 1990 red bordeaux futures.

If the scorching summers of 1989 and 1990 made Bordeaux's red wines the same, but more so, their effect on Bordeaux's sweet white wine region was considerably more dramatic. Great Sauternes can be made only if the grapes reach very high natural ripeness which is further concentrated by the curious (and hideous) botrytis mould, also known as "noble rot", which needs humidity to develop. Such conditions are relatively rare and it is not abnormal for the Sauternais to manage only one or two successful vintages in a decade (as, for instance, just 1975 and 1976 in the seventies).



Grape picking in Sauternes: last summer brought a third successive great vintage, but is it the best yet?

However, last summer's exceptional weather brought Sauternes unprecedented bounty – a third successive great vintage. And in 1990, rather than having to send pickers through the vineyards six or more times during October or even later to pick successive selections or *tris* of suitably ripe grapes, as they had done in 1988 and 1989, many properties had picked more than half their entire crop during a single *tri* in mid September so that, for once in Bordeaux, a harvest of super-sweet whites had been picked before the reds. So ripe were the grapes that Château Doisy-Daëne even made some casks with a total potential alcohol of 38 degrees (as opposed to the normal goal of 20)!

But this enormous sweetness has not pleased all palates. In his important annual report on Bordeaux, Peter Sichel admonishes: "Sauternes is not made by sun alone." This remark is endorsed by American wine critic Robert Parker in his oracular newsletter *The Wine Advocate*, who complains that in his spring tasting the 1990s "came across as extremely powerful, very rich and sweet, but lacking grip and focus." Both critics complain of a lack of botrytis, while the locals point to weather charts showing high humidity in late August and early September which encouraged the all-important mould at an exceptionally early stage.

According to Blatch of Vintex, the Sauternes producers are "furious" that their 1989s and, especially, 1990s have been almost damned by some critics for their abnormally high sugar levels. It is true that in print the leaner and more classic 1988s have so far won the most praise of the extraordinary "trilogy" with which Sauternes have been blessed, as Hamilton Narby of Château Guiraud puts it.

The president of the Sauternes and Barsac appellation describes the botrytis in 1990 as "perfect" and says diplomatically that it is a "great shame" that some commentators have been "badly informed". For Monsieur Lamothe, 1988 is a very good vintage but does not compare with the exceptional concentration of its unparalleled successors (oh, all right then, perhaps paralleled in 1928 and 1929).

It does seem a mite churlish to complain that the wine producers of Sauternes, who so often risk the ravages of ignoble rot to achieve ripeness in their grapes, have somehow over-achieved, that the 1990s are just *too* sweet. Reported analysis of the wines does indeed reveal that each of the three vintages is sweeter than the last, but the vital counterbalance of acidity actually rises from 1988 through 1989 to 1990 too.

As my tasting showed, cask samples of the 1990s are so stunningly opulent at the moment that one has to rely on labwork rather than one's palate to provide reassurance that such luscious wines have the acid underpinning needed for a long life. And the distinctive aromas associated with botrytis rarely managed to fight their way clear – but what exciting wines!

Four of the greats – Climens 1990, Coutet, Lafaurie-Peyraguey and of course the reclusive Yquem – were missing from this array, but of the 1990s, Rieussec, Suduiraut, Guiraud, Doisy-Daëne, La Tour Blanche, Lamothe-Guignard, de Malle, d'Arche and even good old Bastor-Lamontagne were gorgeous. Next to the 90s, the 1989s seem slightly subtler and crisper, but it too is a dramatic, exuberant vintage of which Climens, Rieussec, Guiraud, La Tour Blanche, the two Doisys and de Malle were particularly impressive.

The 1990s are significantly cheaper than the 1989s in sweet whites as well as reds, even though the 1991 crop is likely to be tiny in Sauternes, and Barsac too. For £177 you could secure a dozen bottles ex-cellars in Bordeaux of the sublime Rieussec 1990 from Farr Vintners of London SW1.

The most obvious red wine counterpart at this price level, oddly enough, is Peter Sichel's famous Margaux, Château Palmer. A jolly good wine to be sure, but I would argue that Bordeaux's great sweet whites are in some senses even more precious than its reds: they are almost immortal and their style has yet to be reproduced anywhere else in the world.

Jancis Robinson

Approx. prices of 1990 ex-cellars Bordeaux

£ per dozen bottles	Score	Hung.	FMT	Harv.	C&B	M&V	Farr
Premiers Crus/First growths							
La Tour Blanche	17+	167		192.5			168
Lafaurie-Peyraguey		179					180
Rayne-Vigneau	17	135					
Suduiraut	19-	225			242	230	210
Coutet		tba					131
Climens		309				tba	
Guiraud	19-	174		198.5		196	175
Riessec	20	185			210	206	177
Sigalas-Rabaud	18-	252					
Deuxie meéCrus/Second Growths:							
Doisy-Daène	18	150		153			
Doisy-VeAdrines	17	149		141			
d'Arche	18	150	156				
Filhot	16	159					
Broustet	15	148					
Nairac	17	149				150	
de Malle	18+	145					
Lamothe-Guignard	17+	118					
Others							
Bastor-Lamontagne	18	tba	108				
Liot	16	84		90	94	85	

Score: My points out of 20 for samples tasted last week

Hung Hungerford Wide Co (which promises to match any UK price) Hungerford, Berks
FMT Findlater Mackie Todd of London SW19
Harv Harveys of Bristol
C & B Corney & Barrow, London EC1 *(in bond London)*
M & V Morris & Verdin, London SW1
Farr Farr Vintners, London SW1

The filling truth

***Hilary de Boerr** reports on the battle of the sandwich makers*

You will never find a used sticking plaster in a Boots sandwich.

Think about it. Britain's leading sandwich manufacturers have. That is why wounded sandwich makers wear bright blue sticking plasters, with metal bits in them. Should a plaster stray, a metal detector will catch it before it ends up as your lunch.

Such attention to detail at the larger manufacturers ensures that sandwich nasties – such as stray hairs, or a loose stone from a ring – do *not* get into your meal. But making sure certain things *do* get in is equally important. The sandwiches fillings war is well under way.

In one camp, the heavyweights: a retailer best known for its underwear, a high street chemist, a large supermarket chain.

The competitors? More than 8,000 (and possibly as many as 16,000) independent outlets: sandwich bars, bakeries, petrol stations, newsagents, road-side cafs.

And the booty? Annual sales worth about £1.25bn; 13m sandwiches sold up and down the UK every week; for breakfast, lunch and dinner and snacks in between.

The line of attack has become increasingly sophisticated in recent years. The old "favourite" – cheese (often curling at the edges) and tomato (often soggy) – hardly stands a chance against fillings like avocado, radiccio, pastrami and Chinese leaf; or breads such as croissant and ciabatta.

Waxed paper wrapping is passé. Now new and improved plastic packaging competes with cute designer bags with handles. Your friendly local Italian sandwich maker finds himself up against bright-faced "food technologists" at the best of Britain's retail chains. Ergonomists help design the optimum sandwich bars. Fax machines facilitate speedy takeaways.

So competitive is the sandwich business that no one will talk numbers. Marks and Spencer admits only to being number one – pundits put its sales at about 1m sandwiches a week (and that was before it opened its first, very popular, sandwich takeaway shop in the City of London). Boots is kept busy in second place.

Sandwich bars and bakeries had a virtual sandwich monopoly until the big boys moved in in the 80s. They are now hanging on to just half of the market, with the retail chains taking a 17 per cent share.

The large chains have won over Britain's fast food faddies with relatively cheap, good quality sandwiches, available at convenient locations. They keep the customer coming by introducing new varieties every month.

Their sandwich selectors prowl sandwich bars at home and abroad for new ideas. When next munching a factory sandwich, think of Jackie Popham, who in the interests of sandwich fashions, eats her way through up to 60 sandwich varieties *every week* for Boots.

Once an idea is agreed, the food technologists take over, turning it into a 30-plus page specification outlining the weight of mayonnaise allowed per sandwich, the thinness of cucumber slices, number of lettuce leaves and dollops of tuna – not to mention the temperatures at which each item must be kept.

(Such is the "sameness" of factory sandwiches that assembly line workers work to a design – putting slices of egg in exactly the same place in every egg salad sandwich. There is even a sandwich "tidier" who picks loose bits of lettuce or filling from the edges of your lunch.)

Sandwich bars and bakeries have meanwhile beefed up their bespoke service, allowing customers to mix and match in the most extraordinary fashion. Consider these choices: tuna mousse and artichoke hearts; stilton with port-flavoured butter; or bananas marinated in Grand Marnier and sugar.

Trends tipped for the future include more exotic breads and vegetables and more healthy fillings with chicken and fish. And there is a treat in store for Yorkshire sandwich fans – avocado is soon to make its debut up north at Ainsleys, the 31-shop sandwich makers in Leeds and Huddersfield. ("It's been spotted in Manchester," says their sandwich expert Peter Hannible.)

It might seem a far cry from the fast food meal invented by the Earl of Sandwich in 1762: a simple slab of beef between two bits of bread. But, in fact, Britons still prefer the tried and true, with egg mayonnaise, tuna mayonnaise, and prawn mayonnaise topping the charts.

If you are fed up with the trend towards mayonnaise with everything – one London sandwich chain goes through 600 litres every week – there are still a few friendly local Italian sandwich bars where cheddar cheese is king.

At the Bow Snack Bar in the City of London, the most popular line is an 80p cheddar cheese on white or brown. Owner Serafino Dora keeps costs down by sticking to basics. "We manage because we don't give customers piddly little bags that add 15p to the price of a sandwich."

Appetisers

PICNIC STYLE: Wicker picnic hampers may look agreeably rustic but they tend to scratch the legs of he or she who carries them, and their lack of insulation does little to keep foods cool. Cool bags are far more practical but are are usually plastic coated in garish colours.

A discreet-looking cool bag is now available, hand-made by John Chapman, of Cumbria, in Barbour-green pure cotton canvas with a waterproof lining, well-padded for good insulation and finished with tan leather buckles and trims and an adjustable shoulder strap.

Measuring 12 x 14 x 8 in deep, it should please the green wellie brigade. The mail order price is £39.95, or £49.95 for the special offer of bag plus generously-sized matching ground sheet. Call Lakeland Plastics on 09662-88100.

EASY CHICKEN: The Pure Meat Company of Moreton Hampstead, in Devon, is highly regarded for the quality of its conservation grade meats. One of its most successful products is Wild Blue, the result of crossing wild boar with a Camborough Blue pig. This cooks and eats like pork with added flavour but is less fatty and has good crackling.

Also very popular is the company's boned and stuffed poultry. It is offering a three-bird roast, in which three different birds are boned and stuffed one in the other, like Russian dolls. At Christmas a five-bird version is available.

The latest addition to the range is an Oriental Chicken Cushion. This comprises a traditionally raised free-range chicken, boned and stuffed with added chicken breasts, breadcrumbs, orange, five-spice and ginger. It is ground ginger, not grated green ginger, I would guess from a sample tasting. The resulting meaty parcel is neatly tied into a plump round cushion ready for roasting.

Impressive looking and undemanding to cook, this is the sort of tailor-made dish the hard-pressed hostess might call upon gratefully to serve at a dinner party or *fête champêtre*. The joint can be served hot or cold, thinly sliced or cut into wedges like a cake. Cold wedges wrapped in lettuce leaves make stylish breadless sandwiches.

The Oriental Chicken Cushion weighs about 4lb, serves eight generously and costs £32.50 including overnight home delivery. The same figures apply for a Pesto Chicken Cushion. For details and orders tel: 0647-40321.

WALNUT BREAD: Mea culpa. I recently credited Marks & Spencer as the place to buy excellent walnut bread. In fact they sell no nutty loaves – yet. The delicious bread I sampled came from Safeways. At present it is only sold at the bread counters of five London branches: Chelsea, Kensington High Street, Edgware Road, Hammersmith and Ealing.

DESIGNER PASTA: comes black these days – it used to have to be made at home with squid juices to give it the authentic dark hue and tasted at its best when served with a light seafood or mussel sauce. If you long to try it but do not have time to make it Lidgate, 110 Holland Park Avenue, London W11, sells packs of dried black pasta, authentically coloured with squid ink, at £2.50 for 500 grammes. Fresh black pasta can be bought at Selfridge's of Oxford Street, London W1 but they dye it with tomato and beetroot juices, 70p for ¼lb. Cook it with a little lemon juice to stop the colour running.

JUICY NEWS: The search for alcohol-free drinks goes on. Water is dull, orange juice too sweet, Aqua Libra expensive, so what about apple juice? Too sweet? Try the new Waitrose own-label sparkling apple juices. There are three, all 1-litre bottles – plain (95p), apple juice with ginger (99p) and apple juice with elderflower (99p). I like best the ginger version but try them for yourself.

Philippa Davenport

Eating out in France

Magical Mimosa

***Nicholas Lander** samples fine food in a surprising setting*

MY BUSINESS trip to the South of France was ending in disappointment, so much so that I had decided to come home a day early. At 4.00pm on the last day, without a booking, I set off on a 300 kilometre round trip to a restaurant that was not answering its phone and boasts no stars in the guides. But, I had been assured, they served remarkable food.

At 8.00pm, as the sun's rays nestled on the roof-tiles of the restaurant north of Cap d'Agde, I was drinking a glass of the local sparkling rosé on the balcony and feeling much better. Two hours later, after a memorable meal cooked by a New Zealander and served by her English husband, body and soul were reunited.

This simple remedy for rejuvenation, and one that was not too expensive at FFr320 for the five course "menu degustation", wine and service, is available to any traveller to this part of the world. The wild flowers on the hillside may be not quite as magnificent as they were in late May but the welcome will be as warm.

As surprising as the nationalities of the couple, David and Bridget Pugh, who own Le Mimosa, is the fact that this is for both of them a second career. Bridget was a ballerina who, while dancing for the Royal Ballet in London met David, then a violinist with the Ballet's orchestra. They married and in 1971 moved to Oslo where they spent ten years with the Norwegian National Opera.

It was during this period that her love of cooking, and his of entertaining and wine, began to flourish. During the 1970s Oslo was bereft of good restaurants, particularly any open after the final curtain, and the Pughs took it upon themselves to look after visiting performers and friends. The discipline of preparing dishes that had to appear quickly yet satisfy their guests, more numerous than the average dinner party and many of them calorie-conscious, was later to stand Bridget in good stead.

In 1981 they took a year off and bought a house in the South of France. Reluctant to leave the sun they saw in the nearby village of Saint Guiraud a house which an English couple was about to sell. With little market research, two small daughters, and not much money, they were, on February 29 1984, in the restaurant business.

In the restaurant business, but in my opinion not *of* it. The Pughs opened for business – to an initial audience of two all night – with strong principles and these have only strengthened as, over the years, their palates and skills have been refined. The first is the notion of simplicity, the second that of sophistication. *All* produce is noble in their opinion, the test is how it is chosen, prepared and presented.

My meal sounds not too complicated: a quiche of wild thyme and rosemary, a fillet of red mullet with balsamic vinegar, a roulade of dover sole with baby clams on a cream sauce, a fillet of lamb with a purée of new season's garlic, more than 20 cheeses in excellent condition and a stunning array of desserts that included the first season's nectarines made into a "tarte tatin".

It was delicious and also succeeded in another of the Pughs's goals. They do not seek compliments for any particular dish but rather the whole meal and the balance between the different courses.

I can whet your appetite with these details because I did not choose the meal, and while I was at dinner three other, very different "menus degustations" were being served to the 25 other diners.

Over the years the Pughs have built up a close network of suppliers: local and culinary in her case; from all over France and Italy and vinous in his. There is a specialist lamb dealer; a local chartered accountant who breeds pigeons as a hobby; and a 25-year-old qualified mathematician who has set his sights on becoming one of the best "affineurs des fromages" in France.

Such is the trust that the Pughs' regular customers now have in them that when David approaches a table he can tailor a menu to suit their numbers and tastes. He knows that a pigeon can be ideal roasted for two, a fillet of lamb divides perfectly into three, a fillet of beef for the bigger tables. This good husbandry brings the customer more than culinary benefits: 95 per cent now choose the "menu degustation", although the Pughs are aware that if they were to push the small la carte menu they could increase revenue.

This emphasis on what is in season has led to one unexpected disadvantage – Le Mimosa seems to fall outside the rigid categories laid down by the French restaurant guides. When asked for the restaurant's specialities the Pughs always leave a blank – they are what is being served that night. Perhaps as a result they have not achieved the formal recognition their cooking deserves. This has in turn made it difficult to find good kitchen staff; young French chefs want to get stars and rosettes under their belt rather than the unique experience Le Mimosa would offer.

David has brought the same care to the wine list. There are the best, local small producers, including a flight of vintages from the nearby Mas de Daumas Gassac and some fine wines from the Rhône as well as a hidden incentive to drink well: any wine that costs him more than FFr150 a bottle is multiplied only by a factor of two rather than by the three common in most French restaurants. Dissatisfied with the range of wine glasses available, David has now designed his own simple wine and water glasses manufactured by a cooperative in Alsace.

I have only mentioned some of the reasons for visiting Le Mimosa and hope that you will discover the others. But as I walked sadly past the kitchen, no bigger than many a domestic one, on my way out I noticed one other – Le Mimosa must be one of the very few restaurants in France where the orders are called, and not screamed, in English.

■ *Le Mimosa, Saint Guiraud, 34150 Gignac, France. Tel: 67.96.67.96. Dinner Tuesday - Sunday and Sunday lunch. Children welcome. No dogs.*

Cricket/**Teresa McLean**

A woolly England cap worth winning

EVEN on its umpteenth replay, Mark Ramprakash's airborne catch to remove Philip Simmons in the West Indies' first innings of the first Test against England at Headingley was a fine sight. Not just for its fielding splendour but also because Ramprakash was wearing an old-fashioned English cap – navy-blue, woollen and cap-shaped.

Traditional caps such as this have rarity value in English cricket nowadays because so many players have abandoned them in favour of the new, baseball-style caps, spilt into the game a few years ago by the Australians – washed-out blue, double-storey, floppy and altogether lacking in style.

Ramprakash was the only English player at Headingley wearing the English cap that was taken for granted last time the West Indians were here, although Devon Malcolm, never a minor quantity, wore an old-style cap while fielding and a new-style cap to bat and bowl.

It was a pity that the first Test match England have won against the West Indies at home for 22 years should be a hard and well-fought one but also a shabbily-dressed one.

Any research into the appearances of current cricket is rewarded by the discovery of an exotic world of cricket fashion, with bizarre elements to balance the ugly ones, humour to balance the horrible.

Cricket-wear suppliers A&M McLellan, near Manchester, saw little reason to waste time on caps. McLellan has added caps to its catalogue this season for the simple reason that "more people are more interested in caps." They make both the traditional "country" and the new "Aussie" caps, and their customers buy both sorts. But the man from McLellan added that the company not only makes caps but also crests and badges with which to adorn or disguise them.

While high-quality materials have given way to cheap and easy materials in all areas of cricket clothing, crests and badges are having a heyday, a last, defiant symbol of glory.

So hot is the tempo of embroidering cricket badges on to sweaters this summer that when I phoned Luke Eyres – "manufacturers of high quality knitwear" – two days before the Test match, their spokesman told me they had just stitched the last stitch on to the last badge and despatched the last two sweaters to Headingley, one for Desmond Haynes, the other for Patrick Patterson.

He had to admit that the badges were Red Stripe-sponsorship logos, not national coats-of-arms, but the fact remains that all the West Indian and Pakistani team sweaters, together with all their badges, are supplied by Luke Eyres from a Fenland factory of storming needles; all of them are woollen, made to the old cable-knit design.

In three years the company will celebrate its 100th manufacturing birthday. As well as the Pakistani and West Indian Test teams, it supplies half-a-dozen counties and numerous cricket clubs with sweaters, although the English Test team is, as yet, unconquered. It boasts the French, Canadian, Belgian and Spanish teams among its customers.

I was not surprised to hear that the season had started

> *Artificial fabrics create the almost operatic splendour of Derek Pringle's grotesque trouser complications*

well for cricket-sweater salesmen. If I were a West Indian playing in England this year, I would want several layers of protection, preferably woollen. Sweaters are the one large item of cricket clothing that has not been taken over by nylon, so a cold summer like this should favour the English, used to cold winds and rain in June. It should also, I hope, improve the appearance of the English team's middle-layers, keeping nylon shirts and T-shirts under cover.

Just about. Stuart Surridge, the renowned captain of Surrey in the great days of the 1950s, now runs a big sportswear company, as his father did before him. He is bluntly realistic about nylon and polyester cricket clothing which, he says, is easy to wash and thus easy to sell.

Surridge Sportswear sells everything from cricket caps to cricket socks, including a unique, best-selling product which, Surridge assured me, is "killing-off the jock strap. It is about 90 per cent cotton but it stretches."

Whatever the glories of Surridge Sportswear's box-briefs, most of its clothes, including the shirts it supplies to the English team, are made of nylon and polyester. This year, for the first time, some stock has been imported. India and the Far East supply most of the sweaty, stretchy, clingy clothes worn by the cricketers we see on television.

I would not want to begrudge artificial fabrics the almost operatic splendour of their grotesque trouser complications with Derek Pringle. Whatever trousers he wears are too short, or become too short during play, as they did at Headingley. They stick to his shins and flap in the wind, revealing off-colour socks which come to their end sticking out of the holes in the toes of his cricket shoes.

Every good game needs a gargoyle, especially if he bowls and bats as well as Pringle did at Headingley, and I would be sad to see him looking comfortable in his kit. But most English Test players do not look funny like Pringle or smart like their predecessors. They wear a conglomeration of assorted shapes and shades of whites, without a crease between them, the team badge their only mark of unity.

It was partly the sight of the off-white English Test team thus attired and partly the fact that the only cricket clothes he could buy were made of synthetic fabrics that inspired Philip Allen, a Worcestershire businessman, to join with a friend and set-up a mail-order company called A Load of Old Flannel, selling traditional shirts and trousers made of natural fibres: wool-flannel, cotton and cotton-sateen.

It is hard work because most first-class teams are sponsored by big sportswear suppliers whose "convenience clothes" they advertise by wearing them. Most customers are club cricketers, but even these are few because its clothes are expensive; a pair of wool-flannel trousers costs £85.

On the other hand, one pair last pretty well all one's cricketing life. As for the standard pro-nylon argument that it is easy to wash and does not need ironing – Old Flannel regards it with contempt. Traditionally, Allen recounted with relish, a cricketer was not properly baptised into the team until he had a cricket-ball stain or a grass-stain on his whites. The more the better. Washing them out would be like replacing cricket blazers with shell-suits. Whatever next?

Golf/**John Hopkins**

Dark clouds in the prairie sky

IT IS SAID that Minnesota has more golfers per head of population than any other state in the US. Many of them gathered this week at Chaska, 25 miles south-west of Minneapolis, to watch the 91st US Open. Beneath clear blue skies – broken only by a violent storm on Thursday – and fanned by a gentle wind sighing over the prairie, they might have been forgiven for thinking that all was well in the body of American golf.

It is not. American golf is facing twin demons. It is bemoaning the lack of dominant players, men to carry on the traditions of Palmer, Nicklaus, Trevino, Watson. It is also struggling to regain the world supremacy it once had but has lost these past few years to a marauding band of itinerant Europeans led by Spain's Seve Ballesteros.

You have only to look at the names of the tournament winners in the US in 1991 to realise that there has rarely, if ever, been such a time as this. There were 20 different winners in the first 20 tournaments this year. Henke, Blake, Schulz, Magee, Silveira, Mediate and Brooks sound like a firm of lawyers, don't they, prominent men on Wall Street? Far from it, they are the men who have won one quarter of the tournaments this year. There has not been a Tom Watson, a Hale Irwin, a Ray Floyd or a Curtis Strange in sight.

Irwin, the reigning US Open champion, is nothing if not thoughtful and patriotic and even he remarked recently: "I dare say there weren't too many of us a while back who knew who or what Rocco Mediate was. It might have been an embalming fluid." (Rocco won the Doral Ryder Open in March).

The rot set in, if rot it is, in 1983. Prior to that, Americans from Walter Hagen to Tom Watson had made successful raids on the Open and were well-nigh unbeatable in the Ryder Cup, whether at home or away.

In turn, their progress around the courses of Britain was as imperious and all-conquering as their progress around the shopping emporia of London's West End. Any exceptions to their regal progress were just that, exceptions. The Americans dominated golf. Their tour was the most world's most competitive and produced the world's best golfers.

But in the 1983 Ryder Cup, Europe went within one point of defeating the US. The moment the US assured themselves of victory came when Lanny Wadkins played a match-winning pitch from 100 yards on the 18th and Jack Nicklaus, the US team's non-playing captain, knelt and kissed the divot thrown up by Wadkins's club. That moment was both a symbol of the rise of European golf and the first sign of the US decline.

Until then, the American tournaments allowed the top 60 players each year to compete in the tournaments of their choice the following year. Players who were unable to reach this level were known as rabbits and had to attempt to pre-qualify for each tournament each Monday. Even if they were successful, and only a few places were available for the 100 or more rabbits, they still had to beat the 36-hole cut to earn any money.

In 1983, Deane Beman, the boss of the US PGA tour, raised the number of all-exempt players from 60 to 125. Thus life was made considerably easier for many players because they were assured of a handsome income without needing to win. Many of the older players were horrified. Let Ray Floyd summarise their feelings:

"We had to grind it out and qualify week to week and if we didn't win five tournaments each year we had no money to start the next year with," says Floyd, who will be 49 in September and is one of the oldest, as well as one of the best, on the tour.

"We've told our players that if you finish 125th you can come back next year. Is that any way to breed superstars? I don't think so. Instead of the best and hardest-working guys earning the most, we've watered things down so 125 guys with some talent are content to make their $300,000 on the course, pick up another $300,000 off the course and come back year after year. The young players are taking all the blame because there aren't any superstars but you can't blame them. We have created a system that pats mediocrity on the back."

While this was happening in the US, some outstanding players were emerging in Europe to follow the path beaten by Seve Ballesteros who had won three major titles by the summer of 1983. Nick Faldo, Bernhard Langer, Sandy Lyle and Ian Woosnam were all born within 15 months of one another and they had two advantages. They had grown up playing the big ball, which demanded better ball-striking, and life on the European tour, where the courses varied as much as the weather, was far from cosy.

In 1985 Langer won the US Masters, Lyle the Open and Europe the Ryder Cup. The US still had more good players but Europe had more of the best, as was shown when they won the 1987 Ryder Cup. European golf has continued to improve. The three leading players in the world are European – Woosnam, José Maria Olazabal and Faldo.

Under the high skies of Minnesota this week, the Americans looked longingly for the new young men to come forward and reclaim the game. They looked and they worried. Like the recession, the end is not yet in sight.

European marauder: Ian Woosnam made a hesitant start in the US Open

Motoring

Driving in France, without tears

AT LAST, the M20 gap between Maidstone and Ashford on the south coast has been filled, making it quicker and easier to take a car to France than ever before. Dover, still the best departure point, is now within a comfortable day's drive of any part of mainland Britain that is linked to the motorway system.

Last year, P&O European Ferries alone carried a record breaking 12m passengers (some, of course, in coaches) and 2m vehicles – lorries included – across the Channel. This year, recession or not, it expects to do better.

By the standards of only a few years ago, the ferries are enormous. Both P&O and Sealink Stena Line operate ships the size of ocean liners on the 75-minute Dover-Calais route. Of the two, I find P&O's a shade more traditionally ship-like, Sealink Stena's closer to floating motorway service areas. This is, I suppose, what they are to many travellers; a break between the M20 or M2 and the A26 autoroute which now starts almost within sight of the Calais clock tower.

One of the advantages of crossing by ship is that it saves time. Yes, I know that the hovercraft is quicker and the tunnel, when it opens in 1993, may be quicker still. But on the noisy, bumpy hovercraft you must stay cramped in your seat, trying not to spill your drink. And on the tunnel train you will have to sit in your car inside a box van. In neither case can you have a meal, which is where the time saving comes in. Eat as you cross by ferry and you don't have to stop as soon as you land in France or England.

Ferry restaurant food is not gourmet fare but neither is it bad value. A large, late breakfast on P&O's 10.30am Dover sailing has kept me going all day. As a bonus, the two midday hours when most of the French seem to be having lunch is a pleasantly peaceful time to be on the road.

Lunch in a grand restaurant while motoring through France is not a good idea. It takes too long and one can't have the wine that the food demands because the French police rightly take just as stern a view of drink-driving as ours do. So the serious eating and drinking is done at dinner, which gives one something to look forward to all day.

For lunch, the simplest and best idea if travelling on N or D roads is to stop at a small restaurant with plenty of French cars parked outside. And on the autoroute, try one of the l'Arche or Court Paille cafeterias at a service area.

Our own motorway eating places have come a long way from the days of greasy tables and chips with everything, but if there is one serving a dish to match the baked ham in Madeira sauce which is always on the l'Arche menu, I haven't discovered it.

Autoroute driving in France is not cheap. From Calais to the northern outskirts of Paris by A26 and A1 takes two and a half hours and costs about £10.

> ***Stuart Marshall** celebrates a new link to the Continent*

A return trip to Geneva in March, mainly but not wholly by autoroute, cost nearly £40 in tolls. Because of this they are nothing like so heavily used as UK motorways. Do not, though, expect to find autoroutes going to the most popular sea or ski resort areas free of tailbacks in peak holiday periods.

The maximum speed limit on the autoroute is 130 kmh (81 mph). A little over that – say 140 kmh (87 mph) – is generally winked at, but going seriously over the top is expensive.

An on-the-spot fine of at least £120 is routinely imposed and may be followed, weeks later, by a demand for yet more money. The autoroute limit goes down to 110 kmh (68 mph) in wet weather and there is now a minimum speed limit of 80 kmh (49 mph) in good visibility, with too-slow drivers facing penalties of between £90 and £300.

For covering long distances quickly, the autoroutes are supreme, but if you stay on them all the time, you miss the flavour of France. The N (for national) and D (for departmental) roads are roughly equivalent to the UK's A and B roads, though they tend to be better surfaced.

Once, French cars needed super-soft suspensions to cope comfortably with the dreaded *pave* widely used in country areas. It has nearly all been ripped up or covered with tarmac. Often the national roads are of almost motorway standard and departmental roads can be straight, very lightly trafficked and temptingly fast. But the limit is 100 kmh (62 mph) and speeding fines are as high as on the autoroutes.

Years ago France began bypassing its villages but plenty still have a main road going through the middle. On these, look for a new sign – *rallentisseur*. It marks a traffic-calming pedestrian crossing, raised so far above the road surface that if you are going too fast, there is a potentially car-damaging thump.

The old *priorite a droit* rule which allowed farmers to drive battered vans on to main roads in the teeth of oncoming traffic rarely applies now. But French traffic planners discovered the roundabout so recently that they are marked with *vous n'avez pas priorite* signs to remind approaching drivers that they must give way.

There used to be no real alternative to using the often forbidding *boulevard periferique* round the centre of Paris if you were heading south or to Switzerland by autoroute from Calais. However, the A26 from Calais now goes as far as Chalons-sur-Marne. One then has to take the N77 to the outskirts of Troyes to pick up the autoroute going south to Lyon and the Mediterranean or, from Macon, east to Geneva – but this gap will soon be closed.

Petrol is more expensive in France than in Britain at about 52p per litre for unleaded – now available everywhere – against 46p in the UK. Diesel at 35p is about 10p a litre cheaper. Every filling station, from one-pump village garage to motorway service area, seems to take plastic. Visa and Access will also do nicely for the autoroute tolls.

New Citroëns pack a punch

THERE IS good news for British motorists who have to buy cars with their own money. Citroën this week announced prices for the new Escort/Astra-sized ZX family car that will make many friends among customers, none among its competitors. And I have tried a new Korean car, the Kia Pride, that will widen the choice of superminis when it goes on sale in the UK on June 29.

The 1.4 litre, 85 horsepower Citroën ZX Reflex costs only £8,680, which is nearly £1,000 less than a comparable Escort, and the better trimmed and equipped but mechanically identical Avantage is £9,710. The fuel injected 1.6 litre, 89 horsepower Aura costs £11,140 and the 130 horsepower, 1.9 litre Volcane – a GTi by any other name – is £12,670.

All ZXs have the same 5-door hatchback body, a 5-speed gearbox and a rear suspension with enough self-steering capability built in to give them exceptionally good handling on winding roads. They ride with Citroën's accustomed suppleness, have agreeably yielding seats and are built with what would pass for Germanic solidity and attention to detail.

My favourite is the £11,140 Aura, which I rate the best all-rounder. But Citroën UK expects the Reflex and Avantage to take two-thirds of British sales between them, with Aura and Volcane sharing the remaining one-third. Diesels and automatics will be added to the range by late autumn.

I would put money now on the ZX being in the top three in the 1992 European Car of the Year and would not be surprised if it won.

The trio of Kia Prides – all with exhaust catalysers as standard – that go on sale on June 29 are price leaders. The 1.1 litre, 53 horsepower 3-door L version is £5,799 and a 1.3 litre, 60 horsepower LX, £6,399. The 5-door, longer wheelbase 1.3 LX costs £6,799. These are little more than East European prices for cars that stand comparison with Japanese or West European products.

Kia UK's sales package reflects a determination to get the marque off the ground with a bang. It includes a 24 month unlimited mileage warranty with RAC membership and no-labour-charge servicing thrown in.

The 3-door Prides look familiar. Japanese made, they were known in the UK as the Mazda 121. Badged as the Ford Festiva, they have been sold in the US for several years. However, the longer wheelbase 5-door is original.

I thought the LX 5-door I drove last week was not just astonishing value but a jolly nice little car, too. The engine ran silkily whether I was keeping up with the pack on the M4, pulling away from the lights in town or enjoying Wiltshire's steep and secluded lanes. Clutch and gearshift were finger light, the fairly soft suspension made the ride very comfortable even on unmetalled roads and the high-roofed body seemed spacious.

We shall be hearing a lot more of Kia in years to come as it moves up market. Meantime, potential supermini buyers to whom price is all important would do well to take a hard look at the Pride.

S M

The Kia Pride LX from South Korea: a lot of car for a little money

HOW TO SPEND IT

Jewellery comes of age in a gallery of future shocks

Lucia van der Post views a collection to celebrate 20 years of Electrum

WHEN Barbara Cartlidge opened her Electrum Gallery in London's South Molton Street 20 years ago the young avant-garde, experimental jewellers had no place where their work could properly be seen. There were plenty of art or art and craft galleries where they would take a few pieces and deploy them between the pictures and sculptures or between the pots and the weaving but no gallery devoted itself solely to this sort of jewellery.

Though Barbara had had no trouble finding a platform for her work, many of her fellow artists had difficulty just surviving. Besides wanting to give them an outlet for their work, she also believed that jewellery conceived with something more than a commercial or decorative function, that is with an artistic purpose as well, should be shown. It really did not fit into any of the existing commercial formats – it did not belong beside the tiaras in Garrards, the charm bracelets in the high street or the pots and baskets of the craft shops. So Barbara started Electrum Gallery.

She is frank that it is no way to make money. "I made much more money as a jeweller than I ever have as a gallery owner but I have been lucky, I have been able to survive because my husband is generous and I am not avaricious. However, it has had lots of other rewards – it has been a great excitement for me. There is a loosely-knit, warm and lovely international brotherhood of jewellers and we all get to know each other and follow each other's work. I also believed in the importance of the work they are doing and that has made it all seem worthwhile."

Next week, 20 years on, many of the jewellers whose careers she launched pay tribute by responding to her challenge to design a piece for her anniversary exhibition – a piece for a client in the year 2000.

From all over the world they have picked up the gauntlet. There will be pieces from Japan and Germany, from England, the US, Denmark, Norway and Sweden. The exhibition itself opens on June 18 and runs until July 6. All the pieces will be for sale and for anybody interested in the world where art and jewellery meet should be fascinated. The work is from some of the finest jewellers. Much of it will challenge many of our notions about what jewellery is about. Some of the pieces will be in paper, some in wood, others in iron and steel, as well as plastics and more conventional materials like gold and silver.

What is immediately evident is that today's jewellers are not short of imagination and are not afraid to experiment. They also seem little troubled by conventional notions of decorative jewellery or by what might or might not sell. Work ranges from the exuberant, fantastical and frankly flamboyant to the minimalist, witty and even brutal. Every jeweller's work is different and each seems to have judged that the best way of honouring Barbara's role was by being true to their imagination and talent. A few pieces will cost as little as £20, several less than £100 but most will range between £100 and £600.

To use Barbara's own words: "Some of the designs may shock, others will appear at least strange and some are perhaps even way beyond the next turn of the century". I think you should see them.

■ *Electrum Gallery is at 21 South Molton Street, London W1 YDD.*

A CONSISTENT theme that jewellery designers have explored is how to give jewellery a visual life when it is not being worn – in other words, a beautiful thing ought to be enjoyed at all times, not just when it is sitting on a finger or hung round a neck.

Wendy Ramshaw developed the idea with her ring-stands and here (bottom left) Diego Piazza has made a fine brooch measuring 6 cm by 4 cm in iron, gold and silver which when not being worn sits on a plinth and can be left out – say, on a table – like a piece of small sculpture. £2,800 (plus VAT).

■ Mike Abbott, who made the PC Plod The Flying Squad brooch, top left, for Barbara Cartlidge's show, is a recent graduate from the Royal College of Art who is mad about Volkswagen Beetles, helicopters and anything else which can transport one to a magical dream world.

His jewellery is witty, full of fantasy and sometimes political – he did one brooch which he called "Hang Luce" and another about the poll tax. His brooches are particularly popular and Electrum always has a selection of his work. The brass and nickel PC Plod brooch is £375 plus VAT.

■ Top right is a giant gold-painted cardboard ring, some 45 cm (18 in) in diameter, made by Cathy Harris. More a piece of sculpture than something to be worn, the ring opens to reveal 20 (one for each year of the gallery's existence) compartments, each of which Cathy has filled with a different ring. Though they are all made of paper they are much more durable than that implies. One is made out of a £20 note, another from a map showing the location of the gallery, one from some gallery headed paper, one has a "diamond" printed on it and so on.

Cathy specialises in a bold, almost sculptural approach to jewellery and uses a great deal of bright acrylic and plastics. The piece photographed here sells for £800 plus VAT.

Find a nanny, not a ninny

Heather Farmbrough offers some solutions to a parental dilemma

AFTER THE third glass of wine, Alice began to get a little tipsy. Out came stories of the racing world, betting, night clubs, owners with fast cars and weekends abroad. It would have been quite harmless, indeed fascinating, had we not been interviewing Alice for a job as a nanny. When she left, we lent her £5 as she said she had forgotten her purse. We never got it back.

The next morning, I decided to check her references. The agency which had arranged the interview gave her a glowing report. I then rang her ex-boss, whose number Alice had given me reluctantly. After some probing, the ex-boss said Alice was a little wild with the household's money and not altogether trustworthy. It was a narrow escape: Alice (not her real name) had seemed a promising candidate.

Few decisions are more important than choosing a person to look after your child; few are more difficult. Over three years we have had five nannies, three of whom have been excellent and two of whom lasted less than six weeks. The market is short of good nannies and long in desperate employers. So how do you choose a good nanny?

The first step is to decide what you want. Do you want a qualified nanny who has completed the two year N.N.E.B. (National Nursery Examination Board) course and knows about safety, children's illnesses, first aid, child psychology, nutrition and development and will do all the things you should, but do not, such as taking your child swimming, making glue models and mobiles?

Most N.N.E.B.s tend to like having sole charge. An N.N.E.B. nanny with a couple of years' experience can ask for (and get!) between £120 and £160 a week (live in) or from £210 to £250 (live out) in central London. Salaries drop quite quickly as soon as you reach the outer edges of London and in somewhere like Richmond you would expect to pay about £140, live out.

Or do you want a girl who is used to children, but will help with your washing, shopping, ironing and cooking? If so, look for a nanny/mother's help. Some qualified nannies will help around the house, but most baulk at doing anything other than nursery duties ie the children's washing, ironing, shopping, cooking and cleaning.

An untrained but experienced nanny will cost the same or a few pounds less than an N.N.E.B.; a mother's help up to £50 a week less. Salaries do not reflect the number of children cared for and it is worth checking the going rate with other employers in your area. It may be worthwhile sharing a nanny with another family.

The next question is: live-in or out? If you do not work long, unpredictable hours, it is invariably less trouble to have a live-out nanny. True, they do not usually babysit (which means it will cost you about £3.00 an hour to go out in the evening) and you never know whether they are really ill, but this is nothing compared with living with an 18-year-old for whom you will feel vaguely responsible, who will eat the food you have bought for a dinner party, consume two litres of orange juice and a bottle of Diet-Coke a day and run up huge telephone bills.

Nanny knows best – feeding time at the Barnes and Mortlake Nursery, London, in 1935

Hulton

Whatever her problem, it is yours too, whether she is home-sick, heart-broken, hungover, or (Heaven forbid) pregnant. You will have to lie to despondent ex-boyfriends that she is out again when she is upstairs watching Brookside.

If you want a live-in nanny, you will have to decide whether you allow boy-friends to stay overnight. The consensus seems to be that it is OK for fiances or long-standing boyfriends to stay occasionally, especially if the family goes away at weekends, but not in front of the children. Otherwise, no. It is also wise to warn her not to give out your telephone number freely and not to bring men back for coffee. Most employers allow girl-friends to stay; my husband used to enjoy the procession of nubile 18-year-olds wandering round in their nighties.

A car is a trickier issue. Cars are a status symbol among nannies. Cool nannies drive white Peugeot 205 GTIs. No self-respecting nanny would choose to drive an A-reg Talbot Horizon as ours does, although it doesn't stop her wanting to borrow it. According to one of our former nannies (one of the good ones who nevertheless lost our no-claims bonus and ran up a triple-figure bill for damage) most girls expect to use the car in the evenings if they have to ferry children about during the day, particularly in areas where public transport is inadequate.

> *'Whatever her problem, it is yours too, whether she is home-sick, hungover or (Heaven forbid) pregnant*

The other perk you must provide is a colour television. Occasionally this causes problems: one nanny left her employer a note one weekend saying: "I've gone and so has the telly."

At least losing the telly is better than losing one's husband. There are lots of stories about nannies and husbands, mostly untrue. But one nanny we knew had a tremendous crush on the husband and was convinced that he fancied her. This surprised him as he hardly ever saw her and she was a monosyllabic 14 stone. Our most flirtatious nanny once persuaded my husband to take her hot chocolate in bed, but fortunately my 25-year-old brother, who has an all-year sun tan and a forgiving bank manager, invariably proves of greater interest.

When you have decided what you want your nanny to do, start looking. The best way to find a nanny is by word of mouth; if not, an advertisement in *The Lady* is a good bet. If you want an Australian or a New Zealander try the free London magazines such as *TNT* or *LAM*. Antipodean nannies have such a hard-working reputation that some English nannies complain they are taking the best jobs. The only problem with *TNT* or *LAM* is that all sorts read them. Our advertisement was answered by a chap called Paolo who washed dishes in an Earl's Court restaurant.

Failing this, the most expensive way is through an agency. Not only are there the agency charges and the fact that agency nannies often ask for the highest salaries but VAT often doesn't rate a mention until the final bill – and then can come as a nasty surprise.

In my experience, most agencies do very little more than supply a list of names and telephone numbers and then coolly charge £700 to £800 for a permanent placement. Very few ask to see N.N.E.B. certificates and some do not even interview girls before taking them on. Most only check written references after a job offer has been made. Insist that the agency checks references by telephone – or do it yourself – and ask how much of the fee is refundable, and under what circumstances, if the nanny does not work out.

Having drawn up a shortlist, the most seasoned employers prepare the interview as carefully as they would a presentation. Ask about previous experience; whether she prefers a particular age group; why she is leaving her current position; her health record; what she knows about safety, food hygiene, children's illnesses and so on. Find out, especially if it is her first job, whether her mother still does everything for her at home – you may have to train her yourself. Will she be homesick? Can she drive? Nannies are often shy and need drawing out.

It is often easier to interview a nanny without your children being present and then see how she gets on with them later. If your children can talk, ask them what they thought of her. Always try to get a second opinion; when the car-crashing nanny left to get married, her thoughts on how candidates treated the children before we came home proved invaluable.

Spell out clearly what the job will involve and warn if your hours are long or unpredictable. Check references before you make an offer. If it is accepted, draw up a contract saying what she is expected to do, sign it and above all, stick to it. Nannies hate it when employers take them for granted and ask them to do things which weren't in the contract. It is a good idea to have a trial period for the first four weeks, during which you can sort out any difficulties or decide to go your own separate ways.

Above all, listen to your intuition – it is usually a valid signal. I noticed that one candidate seemed withdrawn and pre-occupied but she seemed perfect otherwise and we engaged her. Late at night, after just a week in the job, she announced tearfully that she would have to leave immediately as her brother-in-law had been arrested in Switzerland on fraud charges involving $45m and she had to look after his child whose mother, the nanny's sister, was having a nervous breakdown. I never discovered if it was true, but it was a good story.

Second-guess the Academy

ALL THOSE who wonder about the tastes and judgments of the selection committee charged with accepting or rejecting works for the Royal Academy's summer show now have a chance to see the works that never made "the cut".

Salons des Refusés are not a new idea – Manet got there first, enraged by the academicians rejection of his *Dejeuner sur l'herbe* – but they are splendid. Most of us like the chance to test our own tastes against those of authority. From now until August 24, the Llewellyn Alexander Gallery, (close to the Young Vic in The Cut, Waterloo) offers the public a chance, with a changing exhibition of those that did not make it at the RA. Prices start as low as £200, though most are priced at just under £1,000. There are watercolours, oils, pastels and a few small sculptures.

The show is open from 10 am to 7.30 pm on Monday to Friday and from 2 pm to 7.30 pm on Saturdays. The gallery is at 124 – 126 The Cut, Waterloo, London SE1 8 LN.

■ Do you have a clear idea of the tile you want but cannot track itdown? Kareen Ferney could be the answer.

She is a ceramic tile artist who has invented an ingenious system which enables the would-be customer to customise tiles. The thousands of design permutations are all contained within a box – there are 50 tile chips in a wide choice of colours as well as ten booklets of tile designs, each of which has 15 possible permutations. A system of transparent coloured overlays makes it easy for customers to see how the design evolves and to choose their own colours and permutations. All the original designs are Kareen's own, ranging from artless country flowers to stark geometrics. Orders take three-four weeks.

The Creative Tile System, as Kareen calls the box, is stocked by many tile shops around the country, including Selfridges Kitchen Department and Criterion Tiles, 196 Wandsworth Bridge Rd, London SW6. For other stockists contact Kareen Ferney at Unit C90, 134-146 Curtain Road, London EC2A 5AR. 071-481-0734.

■ Fans of the Hampstead Theatre might like to know that there are still tickets available for this coming Monday night's gala evening of Miriam Margolyes' marvellously entertaining look at the women in Dickens' novels (Alastair Macaulay in the *FT* said "simply, this is a great evening"). The tickets cost £65 but £20 of this covers drinks before the show, the show itself, drinks in the interval and buffet dinner afterwards. The other £45 goes to the Hampstead Theatre Trust. For tickets (pay by credit card) ring 071-722-9301.

L.v.d.P

PROPERTY

Top: Mabledon, a 28-bedroom house near Tonbridge, Kent, has been reduced from £2.5m to £1.5m. Below: Robert Montague, Tiphook chairman, has cut his 464-acre Rushmore Hill estate, near Knockholt, Kent, from £5.25m to £3.5m

Million-pound cost cuts for the men of Kent

***Michael Hanson** finds drastic reductions in a buyer's market*

ROBERT MONTAGUE, chairman of Tiphook, the fast-growing container rental company, has cut the price of his Rushmore Hill estate, near Knockholt in Kent, from £5.25m to £3.5m and changed his agents. Put that bluntly the situation sounds worse than it really is, for the house was overpriced when offered with 652 acres a year ago. It now has 464 acres, the rest having been sold to a local farmer for less than £1m.

Even so, Montague was disappointed not to have found a buyer for the estate as a whole, for he had pieced it together, having first bought 50 acres of woods five years ago, added other land as it became available, laid water to all the fields, built new farm buildings for his pedigree cattle, planted 12,000 trees, erected 15 miles of fencing, laid three miles of private roads and created one of the best shoots in Kent in a hidden valley running through the middle of the estate.

Not content with this, he built a seven-bedroom house with marble floors, indoor and outdoor swimming pools, an Astro-turfed tennis court, and garages for his nine cars, which included a Bentley, a Ferrari and an XK120 Jaguar. He also had a large trout lake dug, built a bridge over it, and converted a cottage into a gymnasium and squash court. He also installed electrically operated entrance gates, a closed-circuit TV system (which also extended to his farm buildings) and some fierce guard dogs.

Having poured millions into an estate whose size was exceptional for a property located within the M25, 18 miles from the centre of London, he seized his chance to buy the 1,300-acre Pusey estate in Oxfordshire from Sir Simon Hornby, chairman of W H Smith, for just under £7m last year. He is now restoring its Georgian mansion and improving its 180-acre shoot. Tony Morris-Eyton, of Knight Frank & Rutley (tel: 071-629-8171), who is handling the sale of Rushmore Hill, may yet have to take less than £3.25m to find a buyer.

He should know, for he has just dropped the price of the 428-acre Henden Manor estate at Ide Hill, near Sevenoaks, from £4m to £3m, because the owners now "have a very real desire to sell." This beautiful 16th-century house was once owned by Sir Thomas Boleyn, father of Henry VIII's hapless queen Anne, but there is no reason to suppose either of them occupied it, as the agents claim, for Sir Thomas also owned estates at Tonbridge, Penshurst and Rochford and elsewhere in Britain, although he lived and died at Hever Castle.

Knight Frank & Rutley has been trying for *two* years to find a purchaser for Mabledon, a Grade II castellated house near Tonbridge. This was the country house that James Burton, the builder of much of Bloomsbury, built for himself in 1805 (his town house was the Holme in Regent's Park). When he left in 1829 to develop St Leonard's-on-Sea (where he died in 1837), he sold Mabledon to John Deacon, a founder of the Williams Deacon Bank, which became Williams & Glyn's and is now part of the Royal Bank of Scotland.

Deacon commissioned James Burton's tenth son, Decimus Burton, architect of the Calverley area of Tunbridge Wells, to extend Mabledon in 1829-31. His son John made further additions in 1870; and the third John Deacon added more rooms to make the present 28-bedroom house.

John Deacon left Mabledon to the Church Pastoral Aid Society, of which he, his father and grandfather had been treasurers since its foundation in 1836. But the Army requisitioned the house during the war, and the Ministry of Health took it in 1948 to house Polish refugees. In 1955, the Church Pastoral Aid Society gained possession and ran it until 1987 as a Christian Conference Centre, adding two dormitory buildings, a day centre and two staff cottages.

In May 1989, offers over £2.5m were invited for Mabledon and 56 acres of land. When it was re-marketed at £1.5m last summer, a sale was agreed to a public health body that failed to raise the money.

A private buyer was found at Christmas, but he too could not raise the finance. As Philip Gossage of Knight Frank & Rutley explains: "Banks are very shy of lending on large properties at the moment."

Savills (tel: 0732-455551) is also reducing prices. Meopham Bank, the Regency house at Hildenborough that was the home of the artist J F Herring, Senior in 1853-65, is down from £1.25m to £950,000. Leybourne Castle, whose medieval ruins were made into a house in 1930 by William Godfrey, the architect who founded the National Monuments Record, the architectural photographic archive, in 1941, is down from £750,000 to £550,000. And Sissinghurst Park, an Edwardian house with 20 acres of outstanding gardens close to Sissinghurst Castle, has been cut from £1.2m to £950,000. Hurley Lloyd Thorpe at Tunbridge Wells (tel: 0892-516611), which made a profit in its first year after a management buy-out from Bernard Thorpe & Partners, has just cut the price of Bayham House, the principal portion of Bayham Abbey, Lord Camden's former home, from £525,000 to £475,000. The company also found two parties who were interested in buying Hollyshaw, a Victorian house at Tunbridge Wells used as an people's home, but the client, the London Borough of Southwark, could not make up its mind whether to accept the offers of £750,000 and has withdrawn the property.

Cluttons at Canterbury (tel: 0227-457441) has cut the price of Gore Court House at Otham from £750,000 to £450,000, because of its deterioration in the past year. Similarly, Coldharbour House at Bridge, near Canterbury, has been badly vandalised since it was for sale last summer at £395,000, and the owners would probably consider an offer over £300,000.

EVEN Ightham Court, the lovely Grade II Elizabethan house not far from the National Trust's Ightham Mote, has been reduced from £1.5m to £1.3m. Stonepitts Manor, an Elizabethan house at Seal, near Sevenoaks, whose gardens were laid out by Gertrude Jekyll, has been reduced from £1.75m to £1.25m by joint agents Humberts (071-629-6700) and Hamptons (0732-4690222).

Restoration House, the Grade I listed Elizabethan house at Rochester, was the inspiration for Miss Havisham's Satis House in *Great Expectations*, but its present owner, Rod Hull, creator of the manic glove puppet Emu, has had to reduce his own expectations from £850,000 to £700,000 through Harrods Estates in London (tel: 071-584-6800).

Builders are also suffering. Steven Langer Associates, of Mayfield, which has established a reputation for its new and restored oak-framed buildings, has had to cut the price of two of the four new houses it has built in the traditional Kentish yeoman style at Smugley Farm, near Goudhurst. Joint agents Joyes Leppard (tel: 0892-511456) and John D Wood & Co (tel: 071-493-4106) are now seeking offers of £325,000 for each.

Oliver Allen, who runs Oliver Caterers & Party Planners in Fulham, London, has had difficulty in selling Lordships, the barn at Eastling, near Faversham, he has spent the past two years converting into a five-bedroom house. He hit upon a novel solution: a competition with the house as the prize.

Tickets cost £10 each (for details tel: 0795-89743) and entrants have to answer five questions and complete a tie-breaker (how many golf balls will fit into the old well at Lordships?). If 60,000 tickets can be sold, the draw will take place on November 2. If not, perhaps he will wish he had used an agent and reduced his expectations like everyone else.

A house with a secret in the cellar

STRUTT & PARKER is offering Stanhoe Hall, Stanhoe, Norfolk, a Queen Anne country house set in 20 acres of parkland, 15 miles from Kings Lynn and five miles from the north Norfolk coast.

This Grade I listed house was built in 1703 for part of the Turner family, which at the time included the mayor of Kings Lynn, and was probably designed by Henry Bell, a close family friend who was also the architect of the Kings Lynn Customs House.

Described as "a good simple house" in Sir Nicholas Pevsner's *Authoritative Architectural Guide to the Buildings of England*, it has seven bedrooms and four bathrooms.

The house also has connections with Sir Robert Walpole, the first prime minister, who built the nearby Houghton Hall, and whose eldest son was living at Stanhoe with a mistress in the 1740s. In 1743, Horace Walpole, referring to Sir Robert's collection of pictures, wrote: "Lord Walpole has taken a dozen to Stanhoe, a small house about four miles from here, where he lives with my Lady Walpole's Vicegerent."

It is to be assumed that he took the paintings away again but most of the rooms have their original panelling, doors, windows and shutters, and the bells for summoning room service are still in place.

The house also has a voluminous vaulted cellar which may have hidden within it a letter from the writer and diarist, Fanny Burney, friend of Doctor Johnson and a regular correspondent with Maria Rishton, who lived there in the 1770s. Mrs Rishton, apparently confronted with one of Burney's early bursts of authorship, stated in reply that her workmen were about to inter "IT" in an iron chest to preserve it.

Doctor Johnson, for his part, had praised Burney's best selling novel, *Evelina*, so lavishly that she had apparently danced under a mulberry tree, though that would have been elsewhere: the grounds do not have a mulberry among their fine trees although they do have a rhododendron reputedly planted at the suggestion of Queen Alexandra when she popped by one day from nearby Sandringham.

The agent is seeking offers in excess of £650,000.

John Worrall

How to clean up on the sales front

THE National Association of Estate Agents points out that only four out of 25 people taking the details of a property go as far as viewing inside. First impressions are critical, so:

■ Tidy the garden and dump the window box weeds in favour of a flower or two.

■ Close the garage door to make sure visitors don't see the chaos inside.

■ Make sure that porch lights work, and that the front door doesn't look as if you've had squatters in for a few years.

■ Don't leave car wrecks, boats or caravans going to seed in the drive.

■ Children, as far as viewers are concerned, are better neither seen nor heard, and the trail of wreckage that marks their usual progress ought to be attacked. Remember that all potential buyers' children are tidy, polite and charming small adults who always put the Lego away, tidy their rooms and leave the bathroom as though it's ready for a Royal visit. If your own children don't come up to this paragon status, hide them.

John Brennan

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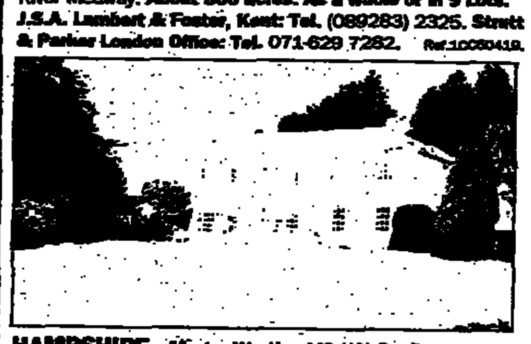

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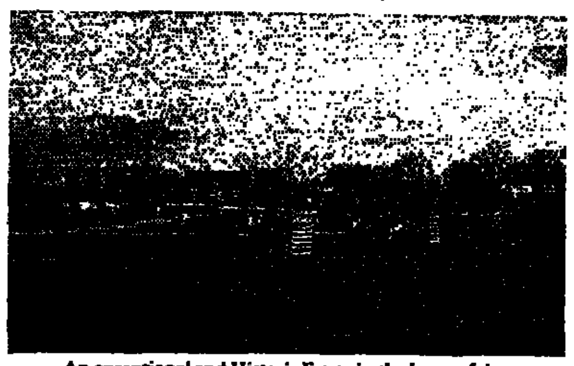

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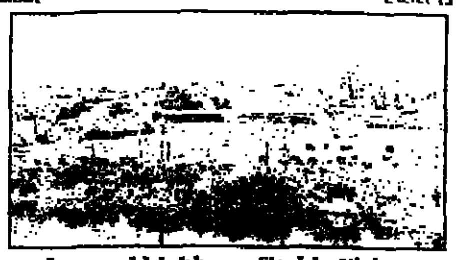

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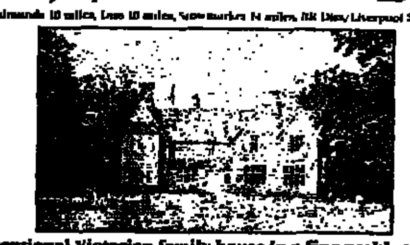

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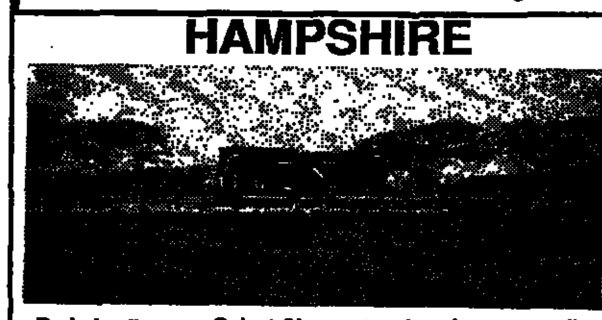

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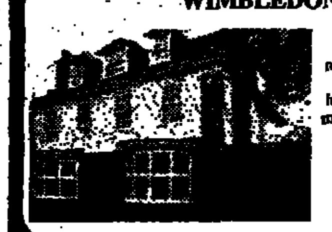

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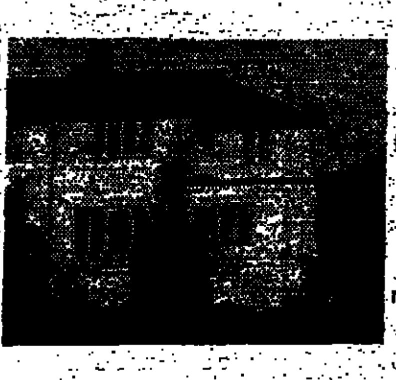

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PERSPECTIVES

As they say in Europe

So it's goodbye to the Empire . . .

NOW THAT the novelty of John Major has worn off and the departure of the Iron Lady is mere history, the London correspondents of European papers have to make do on meagre rations. Disgusting food and the defence of arcane traditions are back on their menu.

Thus the Germans have enjoyed the "crisps row" which has pitched British consumers and food processors against a European commissioner, Martin Bangemann, who believes that Britain's national culinary treasure, cheese and onion crisps, should be banned. "German Insensitivity" became a headline about flavoured slices of potato, in the *Berliner Zeitung*.

But the decline in the quality of British news really sorts out the writers among the foreign press corps in London. This week's prize must go to Danilo Taino of the *Corriere della Sera* of Milan. I have noted before the way *Corriere* makes everything sound like the summary of a newly discovered opera and Signor Taino has produced a novelty which contains bits of *Lucia di Lammermoor* and *Turandot*. "Old England revolts against the Reduction of the Army and the End of the Gurkha and Royal Highlands," ran the strapline to his latest work.

It deals with the decision of the Defence Ministry to cut the numbers in the UK armed forces. In this story we see the Queen Mother ("La regina madre") join forces with the old boy network to stand up for the tradition of loyalty to "blood and region."

He concludes: "With the sunset of the regiments which have created and defended an empire, there disappears the possibility of the British Army launching another operation like that in the Gulf or Falklands without having first obtained the consent of Nato partners. For most of the English, 'old boys' or not, having to listen to Germans, French or Italians in military matters is far worse than throwing sterling into the European monetary melting pot."

The British character also turned up in an editorial in *Le Monde* last weekend. It discussed Major's troubles, but warned that Labour's lead in the polls should not be interpreted by the opposition leader, Neil Kinnock, as an expression of the will of British voters "who are traditionally subtle, and even wily."

The editorial concluded that Margaret Thatcher had been so anxious to stop Michael Heseltine succeeding her that she did not notice that "of the three candidates in the lists, Mr Major was far and away the most faithful to the great tradition of conservative social justice established by Disraeli. It was, along with the poll tax, the one great political error of the Iron Lady."

■ ■ ■

The one great error of *Le Monde*, according to its right-wing rival, *Le Figaro*, was to have produced evidence that the young man who died in the riots in Mantes-la-Jolie at the end of May was killed by the police. Now, one great difference between Britain and France is that in the former racial violence is an inner city phenomenon whereas in the latter it is suburban. "The suburbs" has been a menacing phrase since long before the events at Mantes-la-Jolie, a town which at first sight might be mistaken for somewhere like Reading in England.

After some troubles on the night of May 25, an 18-year-old, Aissa Ihich, was taken into custody and was later found dead. Since then, Mantes and other suburbs have been shaken by intensified outbreaks of violence that have culminated in what is now known as the "Stolen Car Rodeo" of last weekend in which a policewoman was killed by a car.

The government is blamed for much of the trouble and the police have become the popular cause of the right. The offence of *Le Monde* was to have quoted an unsubstantiated statement from a source said to be a member of the special riot police, the *Compagnie Républicaine de Sécurité*. This appeared hours before the death of the policewoman. The Police Union was up in arms and *Le Figaro* devoted several hundred words to rebut *Le Monde's* allegation.

Figaro joined with the sensational *France-Soir* in producing a profile of the second young Arab to be killed in Mantes-la-Jolie. His family claimed that he was a "nice young man." But *Figaro* said he was "known to the police" while its stablemate described him as a "registered yob."

The businessman's paper, *La Tribune de l'Expansion*, examined the socio-economic background. It advocated integration and then quoted a finding of the National Statistical Institute – a quarter of the population of France had been found to have foreign origins. "Who cares," asked *L'Expansion*, "if Yves Montand [the film star and singer] is the son of a wop?"

Which brings me to the comment of *Corriere della Sera*: "For months France has lived with its Saturday night Intifada. It seems as though the guerrillas want to destroy the Establishment's weekend."

■ ■ ■

There have been other demos in France. On Tuesday an estimated 100,000 private sector medical workers marched through Paris. The slang for doctor is *Toubib* – one sign read: "Toubib or not toubib, that is the Cresson."

And finally a sequel to my note of a couple of weeks ago about Soviet demands for giving the Kremlin a sack of dollars so it can have a free hand . . . "Who will guarantee, given the current mood in the Kremlin, that such assistance aimed at transforming the socialist economy will not be regarded as interference in our internal affairs and an attempt to destroy 'our unperishable ideals?'"

So that makes at least two Moscow papers which have declared against massive western aid. Is there a parallel for this new Marxism of the Groucho variety, "We can't borrow from anybody who would lend money to people like us."?

■ *James Morgan is Economics Correspondent of the BBC World Service.*

Robert Graham visits Viedma, once mooted as Argentina's future capital

A dream dies beside the Rio Negro

IN THE heart of every Latin leader lies the dream of being a saviour. This is the sorry tale of a bold dream conceived in impossible circumstances that foundered on its first contact with reality.

It concerns former President Raul Alfonsin's project to shake up Argentina's demoralised psyche by moving the capital from Buenos Aires to the small city of Viedma, on the edge of Patagonia. The venture, creating the world's southernmost capital, was to be financed, inter alia, by the sale of the Argentine embassy in Tokyo. The embassy was sold (for $300m) but in Viedma nothing has been built save 5,000 houses for a workforce that was never needed.

"This is the capital of Argentina that never was," says Carlos Eduardo Reyes, spokesman for the governor of Rio Negro Province of which Viedma is the capital.

By virtue of a 1986 law, Viedma is still the designated site of Argentina's new federal capital. However, the $4.7bn project has withered. Funding has stopped and the commission in charge of the move from Buenos Aires, Entecap, is being disbanded on President Carlos Menem's orders. Viedma's brave hopes lasted three and a half years.

The plan envisaged a city built in two stages with a population of 300,000 by the year 2000. Alfonsin did not intend a wholesale uprooting of government; merely senior civil servants, the big corporations and embassies along with the creation of a high-tech university.

The new capital was to straddle the fast-flowing Rio Negro, incorporating Viedma (population 40,000) and its long standing rival, Patagones (20,000), on the north bank of the river. The design was attractive and avoided the monumental. It exploited the river's features and deferred in scale to the flat landscape on either side of the Rio Negro.

"Little got off the drawing board," says Ruben Suarez, who is winding up Entecap in Viedma. "Only one architect's competition was ever completed. This was for three new bridges over the Rio Negro . . . I'm sure some of the plans have already been lost in Buenos Aires."

President Alfonsin revealed his proposal to move the capital on a visit to Viedma on April 15 1986. He took the entire nation by surprise: not least the citizens of Viedma.

"Alfonsin announced the decision here in Viedma from the balcony of the governorate offices. The decision came as a complete surprise to us. There was absolutely no prior consultation. Even so, everyone was delighted: it seemed an excellent idea," recalls Guillermo Campbell, chief economist of the Rio Negro governorate.

Viewed charitably, President Alfonsin was motivated by a desire to provide a symbol and focus round which Argentina could build a new modern identity: one that put behind it the trauma of military rule, defeat in the Falklands and economic decline.

The idea of moving the capital from Buenos Aires to the interior had been discussed in the 1950s. The issue was raised again in the early 1970s by the military which much admired the achievement of fellow generals in Brazil, who a decade earlier began the new federal capital of Brasilia. However, no one was in power long enough to take the idea forward and the military had their hands tied by their "dirty war" against the left.

President Alfonsin was fascinated by the unexploited south. When he introduced a new currency in 1986, he even called it the Austral (the south). Moreover, by signalling the renewed strategic importance of Patagonia, the government hoped to encourage the military to worry first about colonising mainland territory, before thinking of the Falklands/Malvinas.

The logic of opening up southern Argentina centred on Viedma is irreproachable. To achieve this by creating a new capital well below the 40th parallel (south of Tasmania) was far more questionable.

Buenos Aires, the federal capital since 1880, houses 35 per cent of the 28m population and exercises a stranglehold on all economic activity. The Rio Negro divides the country into equal halves with developed *pampa humida* (watered plains) to the north and to the south, the unexploited unpopulated *pampa seca*, the dry plains of Patagonia, dotted with stunted scrub and coarse grass. Until the late 19th century this was the line below which settlers feared to go because of the Mapuche indians.

This is Argentina's great new "frontier" with less than 2 per cent of the population, huge untapped hydrocarbon and mineral resources as well as agriculture, fisheries and tourism potential. Cattle and merino sheep are raised on the *pampa seca* and only a narrow strip along the Rio Negro valley is irrigated, supplying most of Argentina's fruit and some vegetables. Up in the Andes, Bariloche is the country's principal mountain resort, conference centre and the site of a small group of science-based industries. There was much grandiose talk of an Argentine Silicon Valley in the early days of the project.

Viedma has a benign micro-climate thanks to a warm sea-current touching the nearby coast. But the general environment is not for the faint-hearted. Southwards from the Rio Negro, the flattened, treeless, windswept landscape stretches to the horizon – and beyond. With awesome sameness it continues for almost 3,000 kilometres until the Andean chain crowds in at the southern tip of Tierra del Fuego.

Civil servants in Patagonia are paid a 40-60 per cent premium for working there – producing the anomaly that Viedma public employees are paid more than their colleagues across the river in Patagones, which happens to be at the forgotten end of Buenos Aires province. Until this year the two provinces were in different time zones. The building of the capital on either side of the river was a symbolic linking of the two Argentinas.

For many, the Viedma project began life irremediably faulted simply because the new capital could never compete against the attractions of Buenos Aires. With its grandiose French-inspired architecture, wide boulevards, leafy parks, bustling cafés and all-hours night life, Buenos Aires possesses the rare chemistry of a great city.

This was not the only reason why so few took President Alfonsin seriously – either in his Radical Party or among the opposition Peronists. "The project could have got off the ground if Alfonsin had decided to do it when he came to power in 1983", said one of his former aides. "You don't do something like this half way through your mandate when your credibility is declining unless, and this is most unlikely, there is complete cross-party agreement.

In Viedma, there is a barely concealed contempt for the way the project was handled. Entecap, the body set up by decree to oversee the transfer to the capital, was intended to have its centre of operations in Viedma. Instead, expensive offices were acquired in Buenos Aires and Entecap was headed by someone with no connection with Viedma or Rio Negro province. This created the paradox that a government trying to decentralise the administration and reduce the role of Buenos Aires was still behaving as if everything should be done from there.

"It's all over now and we have to deal with development interrupted by this affair," says Omar Violi, public works secretary at Viedma's Peronist-controlled municipality. All industrial licenses were paralysed because the existing industrial development zone was on the site of the new city.

People in Viedma are more relieved than deceived by what has happened. They recognise the new capital would have irreversibly altered the leisured pace of life and would have had a detrimental effect on their environment. Today you can still drink direct from the 500-metre wide Rio Negro and the air is so pure that you can distinguish the different prairie herbs.

GARDENING

A new garden from an old hand

"Small garden with pond. The owner finds plants irresistible and puts them in where she hopes they will be happy."

This is how Truda Panet describes her London garden. It leaves a lot unsaid.

Truda will be 90 next year; she is not exactly younger than spring time. Yet in just five years she has created a new garden from a neglected, downtrodden patch of London clay. It is about go on public display for the first time.

Truda Panet's engaging description of her pursuit of plant happiness appears in this year's Yellow Book, the *National Gardens Scheme Guide*, which lists 2,600 private gardens open to the public in England and Wales – many for just one day in the year. Truda's day is tomorrow. She approaches it with the calm of a woman who has seen many summers, cheerfully accepting that she can do nothing to speed the arrival of another.

Mind you, she wouldn't have minded a little more co-operation from nature to hurry on her delphiniums – a sentiment shared by gardeners nationwide. But then other gardeners might find the prospect of their first "open day" a little hair-raising. Truda is undaunted; the NGS's selection of her garden gives point to her work, which is "for pure joy. I love it. I would not do it if I didn't."

When she first moved to London from Salisbury she visited many gardens under the NGS scheme and, thinking hers "up to scratch," approached the London county organiser, who agreed. Lt-Col Dennis Carpenter, administrator of the NGS, says this is quite an unusual road to acceptance; most gardens chosen under the scheme are spotted by one of the 59 county and deputy county organisers, or recommended by people who open their own gardens.

The main criterion is that the garden should contain enough to interest a visiting gardener for about 40 minutes. "A four-mile bank of rhododendrons may be spectacular, but when you've seen it in five minutes, you've seen it," Carpenter says.

Truda spent years billeted in army quarters with derelict gardens. "By the time I got it tidy we were posted to another derelict garden, so I didn't have the satisfaction of seeing the result of my labours, which was very disheartening." Postings in India, China and Egypt meant that she was 44 before she had a garden of her own. Later she spent 25 years tending a big garden in Salisbury. Then she moved to London.

"But this is the first garden that I've *designed*," she says. "I had to take on the others as they were."

Her London garden in Belsize Park was "a trodden waste of clay, beaten down, with a few weedy shrubs, a great mass of docks, brambles, thistles and sycamores." She hosed the earth to shape it for a border and a pond. A big expense – never regretted – was to have London's heavy boulder clay double-dug by two strong boys. "You see, I wanted to get the garden to mature quickly, because of my age."

Her garden is square-ish with fat borders – one sunny, one shady – on either side. It has a long, wiggly herbaceous border, a pond, and a thick jungle area at the bottom. The "jungle" has roses and lavatera, bergenia, marguerite daisies, weigela, wild hemlocks, French cotton thistles, masses of oxslips, trilliums, geraniums, spurges, hydrangeas, clematis and a carpet of yellow creeping Jenny. A pear tree towers over one corner.

The shady border has a old rose (Madame Gregoire) climbing up a eucalyptus tree, with camellias, epimedium, euonymus, love-lies-bleeding and Solomon's Seal. Varieties of clematis line the wall of the sunny border, which is packed with peonies, osteospermums, lilies, Japanese anemones and double daisies. The herbaceous bed is massed with delphiniums, campanulas, alstroemerias, poppies, aquilegias and gently swaying silver blue flax.

Truda Panet's London garden is delightful; just what you would expect of a woman who, when she wakes up, walks round it in her dressing gown to see what has been happening during the night. "I wouldn't want anyone to come expecting anything very beautiful or very formal," she says. "But I do love my plants very dearly."

Fiona Thompson visits two Yellow Book treasures

Lydia van der Meer

Looking forward to visitors: Truda Panet in her Belsize Park garden

* * *

Allison Wainman is an old National Gardens Scheme hand: she has opened her two and a half acre garden at Placketts Hole, in the North Downs in Kent, every year for 10 years.

Her open day is Sunday June 23. "I was terrified the first year. I thought: 'These people are going to expect such incredibly high standards,' and then I was amazed by how nice people were." One of the most enjoyable things is that many visitors return year after year. "So you hear people saying to each other: "Gosh, that's come on a lot' or, 'Look what they've done here.' which is fascinating."

About 400 to 500 people visit on a day, most spending about an hour in the garden before tea and scones under the old Bramley apple tree in front of the grade II listed, 16th century house.

Allison and her husband David have lived at Placketts Hole for 25 years. They created the garden from scratch, with curves and partially-hidden areas beckoning you on. "We tried to design a garden which would make people want to see what's round the next corner."

A tall, warm brick wall is laden with wisteria and clematis, forming a backdrop to the formal rose garden, Napoleon. A packed herbaceous bed displays peonies and alliums and clumps of fennel. One border grows mainly yellow or white plants; a long curvy bed has plants in pinks, blues and whites, with tall campanulas, oriental poppies and delphiniums at one end. Well-established trees include two elms, weeping beech, willow and ash, and an abundance of lilac. The views from the garden are beautiful.

■ *Truda Panet's garden is open tomorrow, June 16, 2.30pm-5.30pm, at 12a, Lawn Road, Belsize Park, London; entrance £1.*

Allison Wainman's garden is open next Sunday June 23, 2pm-6.60pm, at Placketts Hole, Bicknor, Kent (five miles south of Sittingbourne: from the A20/M2O, take B2163 through Hollingbourne – the garden is signposted from the top of the hill); £1.50.

The kindest cut

Taking cuttings is an easy, cheap way to increase your plants, says Arthur Hellyer

IT IS useful to master the craft of rooting cuttings. You can save money by propagating from plants already growing in the garden and, probably more important, get new plants from other gardens, since owners are often willing to part with a few stems of a plant one admires.

Recently I visited a garden in which a clematis was flowering which I had never seen before. It was like C. montana but was short and bushy. The owner had no idea of its name and would have been unable to supply even one plant, but a few shoots were no problem. Whether we shall be able to make them produce roots and grow into sturdy plants remains to be seen but it is worth trying.

In fact clematis departs from one of the basic rules for most cuttings: that they should be cut off just below a joint or node, the place where a leaf grows (or did grow) and where, quite likely, there is a dormant growth bud ready to spring into life.

This is where new roots usually appear most freely because it is here that the hormones that encourage growth are most concentrated. However, this is not so with clematis cuttings, which often form roots most freely if severed midway between joints.

A cutting is a shoot or stem which, given the right conditions, will form roots, mainly close to or from the point of severance. There is no "close season" for taking cuttings but there are periods when the chances of success are greater. These differ according to the plant.

Many soft stemmed plants, such as dahlias and chrysanthemums, root most freely in spring, whereas most woody plants are likely to be most successful in summer when the new growth is beginning to get firm at the base. Professional gardeners call this half-ripe. Many shrubs and some trees can be rooted from fully ripe stems in the autumn but these are usually much longer in rooting – it may be a year before they can be removed from the cutting bed.

Cuttings of young growth must be induced to form roots in a few weeks or they are likely to die for lack of moisture. They can be helped by being placed in a propagating box, which need be no more than a box with its top removed and replaced with a sheet of glass. The purpose is to keep the soil moist and the air moist and still.

Another way is to put the cuttings into pots and then cover each pot with a polythene bag, either kept more or less airtight by being slipped over the pot and held to its sides with a rubber band, or by putting the pot into the bag and closing the top with a rubber band or a twist closure.

Summer cuttings made from firm but not fully ripe stems need not be kept in quite such a static atmosphere and are likely to take longer to root, maybe a month rather than a few weeks. The fully ripe autumn cuttings will also usually be satisfied with a shady, sheltered place outdoors.

It is the natural hormones present in plants that encourage root formation and these can be simulated by dipping the base of each cutting in an artificial hormone.

The type of cutting I have described is known technically as a nodal cutting. There is an alternative known as a heel cutting or as a "slip". This is a short side shoot pulled from the older stem from which it grew together with a strip of its bark. This strip is then trimmed with knife or scissors to leave a small piece of the older wood at the base of the cutting. This type of cutting is very easy to take and sometimes roots more freely than nodal cuttings, although they do leave unsightly scars on the parent plant.

The soil or other medium in which cuttings are inserted is vital to the success of the operation. It needs to be sufficiently retentive of moisture to keep the cuttings fresh and yet sufficiently open to ensure that air can penetrate easily and the compost does not become solid or waterlogged.

Either peat or leaf mould is suitable as a base, possibly mixed with some soil to give it more plant food and certainly mixed with quite a lot of grit, sharp sand, perlite or vermiculite to make it more porous. The proportions are a matter for judgment but, as a general guide, equal parts of soil, peat and perlite are likely to prove satisfactory. For autumn cuttings, put into the soil outdoors, it is wise to lighten the soil by forking in peat or leaf mould, plus sand or perlite.

Those who become really enthusiastic about cuttings and who have a greenhouse might consider installing an electrically operated misting apparatus, which automatically keeps the cuttings and the soil in which they are inserted moist. No covering of glass or polythene is required but the compost needs to be very porous so that it does not become soggy.

TRAVEL

Where communists and cultures collide

"BUT I don't understand, there is nothing there. Nothing!" The senior public security official had listened patiently to my request. He was a kindly man, a Chinese who had been sent to this far-flung corner of his country 20 years ago. He had a nervous twitch above his left eye. I imagined him lying awake at night, twitching, asking himself: "Why me? Why here?"

WE were sitting in the foreign guests' room in the bus station at Hunchun, a tiny outpost in the far north-east of China. The only reason for coming here, if it is a reason, is that Hunchun is where the three great communist empires of China, Russia and North Korea collide in a mixture of tundra, power stations and steam trains.

China's border with North Korea arcs along the Tumen river out towards the sea of Japan. But just a few miles from the sea, and just a few miles from Hunchun, this thin slice of Chinese soil is cut off by an advancing Russia, which seized the area last century. Vladivostock, one of the reasons for the seizure, is about 80 miles east.

There being very few foreigners to impress in such a desolate place, the guest room seemed to have been turned into a holding centre for pot plants waiting out the winter.

It was soon obvious that no amount of twitching would get me permission to travel the further few miles to see where the three borders met. There were "security reasons." Probably bemused by my fascination with something as boring as borders, the official assured me I could go back along the North Korean frontier to my heart's content.

The real reason for being here, for braving temperatures of down to −29°C, was Yanbian. This is a special region which runs along the North Korean border. It was set up to house nearly 1m ethnic Koreans, now with the dubious honour of holding Chinese identification papers. Most fled into China in the 1870s after a famine in Korea. More followed after Japan occupied the Korean peninsula in 1910.

None of them seems to want to go back to the North Korea of Kim Il-sung. "There's nothing to eat there," a fellow diner told me later that evening. Judging from our dinner, which consisted of a pickled cucumber and what I strongly suspect was dog meat, times must indeed be hard in North Korea.

I was staying in Tumen, one of two main towns in the special region. At first sight it is as culturally mixed up as its history. The town was liberated from the Japanese by the Russians in 1945. Since then, the Chinese have imposed their own logic on the town's mainly Korean inhabitants. Korean children being marched off to school wear the same Young Pioneer red neckerchiefs as the children of Han Chinese in Peking. The "Learn from Lei Feng Campaign," designed to promote loyalty to and confidence in the communist party, is being implemented as studiously as in Shanghai.

Angus Foster braves temperatures of −29°C to visit a region of China that is forever North Korean

"A dangerous fact: each year the world's population increases by 100m," screams a wall poster in a reference to China's one-child-per-married-couple policy. The plan has had least success in the minority areas like Yanbian around China's borders where, for cultural or economic reasons, parents continue to flout the rules. A young Korean beside me on the bus told proudly of his three children. "Still need one more," he sniffed.

According to the Chinese, special regions like Yanbian were set up to allow China's minorities to enjoy their customs peacefully. Of course, the real reason was to allow the Chinese, ever distrustful of minorities, to control them closely. A local official told me that more than half the government leaders in Yanbian were now Korean. Knowing how the Chinese have used Tibetans to implement Chinese policy in Tibet, this apparent self-government does not impress.

The only way to Tumen is by train. It is seven hours to Mudanjiang, the nearest big city, and a further eight along the old Chinese Eastern Railway to Harbin, famous for its winter ice festival.

As our steam engine trundled through the snowscape, a game of "guess the nationality" sprung up between me and my fellow passengers. Most were Korean, dressed the same as Chinese. With the women it was fairly easy, their faces being wider and cheekbones lower than Chinese.

The men were far more difficult. Each time I guessed correctly another face with even more complex characteristics was hauled up from the back of the train. Each time I guessed wrongly, I feared recrimination, knowing my own sense of pique when mistaken for a German or American. But my fellow passengers seemed unconcerned and laughed each time they fooled me.

From the Martyrs Memorial overlooking Tumen, chimneys atop squat one-storey houses belched breakfast-fire smoke. On the other side of the frozen river, North Korean chimneys in the town of Namyang followed suit. The border itself was silent, with just an occasional truck or steam train making the crossing.

The Tumen river carves back through the high mountains and provides a natural border between the two countries. The river's source is in the Changbai mountains, of great mystical importance to Koreans because of its links with Tangun, the mythical founder of their country. From Changbai, the Tumen flows east and the Yalu west. This is the same border as China's Han dynasty crossed 100 years before Christ. Genghis Khan followed 1,300 years later.

Much later, in October 1950, more than 200,000 Chinese Communist "volunteers" crossed into North Korea and helped reduce the Korean war to stalemate and, perhaps, delayed indefinitely a Chinese invasion of Taiwan.

According to Chinese histories, more than 50,000 of these volunteers were from Yanbian. I found a couple who had worked as translators with China's fourth field army. Both reminded me forcefully that British troops fought alongside Americans.

A dance for the moon: revellers in Tumen, a town in China's Korean-dominated province of Yanbian, celebrate the lunar new year

Angus Foster

Through luck rather than foresight, I was in Tumen for the year's biggest festival, held on the 15th day of the lunar new year, to coincide with the first full moon. Traditionally, this festival was marked by 15 days of family visits, food offerings to ancestors and the donning of bright new clothes. On the 15th the moon, the village goddess and the earth were all addressed for a good harvest. A farmers' band would lead a "follow the leader" dance around the houses of the local dignitaries and landowners, exorcising malevolent spirits or "pressing them into the ground."

After 40 years of communist rule, I suspected little if any of this festival remained. I was wrong. At about 9am the strains of a drum, gongs, cymbals and some kind of reed instrument started to rise above Tumen with the mist. Growing louder, it was soon accompanied by laughter and about 60 Korean and Chinese women, and one man, all dressed in the brightest silk costumes, with flowers in their hair and waving handkerchiefs, started the dance.

It was soon apparent that while the Koreans were allowed to dance, the Chinese had set the rules. The first stop for the procession was the local communist party headquarters. After much drumming and many greetings, a high-ranking party officer led the dance off into town.

The next stop was the barracks. Fire crackers were released as the dance reached its crescendo. With rather too much enthusiasm for my liking, an onlooker told me that the dance symbolised the love between the common people – him – and the army. I said nothing, but wondered if the people of Peking, with more recent experience of the army's "love," would agree.

Travel Briefs

Tourists, but strangers no more

"ARE you Japani?"

We were asked the same question three or four times by shy passers-by while strolling through the dusty streets of Kathmandu, among the small stores and stands selling a variety of goods, writes **Emiko Terazono in Tokyo**. In the course of our eight-day tour of Nepal our group of nine Japanese tourists was confronted by questions and shy smiles and followed by souvenir sellers, beggars, or people wanting to chat.

Western travellers in Third World countries are familiar with these reactions, but for many Japanese it is a new experience to travel abroad at all let alone to developing countries. Similarly, people in poor countries, previously accustomed to seeing Europe and the US as the centre of the rich man's universe, are now increasingly looking to Japan. For Japanese, this rush of interest is surprising and sometimes shocking, as I discovered in Nepal.

A youth we met in Patan, one of the old temple cities adjacent to Kathmandu, asked if he could practice his Japanese on us. He said he was one of many students enrolled in a Japanese language school in Patan.

On one of the red-brick buildings on an unpaved street we saw a dentist's sign written in Japanese. Among the posters of foreign pop artists – George Michael, New Kids on the Block – was Momoko Kikuchi, a Japanese teenage idol.

Trekking through the hillsides of Naudra on the cobbly paths between green terraced rice fields, our Sherpa asked us how rich Japan was, saying that his dream was to visit it one day. He added that some friends were working in Japan as factory labourers illegally.

To a Nepalese, Japan with its skyscrapers is a dream-world of high technology and wealth, just as the US was to Japan 40 years ago. "A lot of friends are in Japan making money," said a waiter in the hotel we stayed at in Pokara, the small town by Phewa lake at the foot of the Himalayas.

The Nepalese seem to lack the resentment towards Japan often seen in other Asian peoples. Yet Nepal is one of the few places in the world untainted by mobs of Japanese tourists.

We did not get a mocking "Can you read this mineral bottle label?" as we did from a waiter in Kenya, or the shocked "You can speak English!" as in Hawaii. It is probably one of the few places anywhere in which Japanese can feel Asian again.

■ **Antonia Sharpe writes:** If you visit Seville by car this summer, watch out for confusing road signs. The city is completing a ring road for next year's world trade fair but the signpost officials are one step ahead of the builders.

Driving to Seville from the airport is easy. Once you have found your hired car, turn left at the traffic lights outside the car park on to the N-IV and you will be in Seville in 15 minutes, approaching from the east. (A right turn at the traffic lights takes you to Carmona – its Parador with enormous swimming pool is far better than Seville's cramped hotels – and on to Cordoba).

The confusion starts when you try to reach the west side of Seville to get on the new A-49 motorway for Huelva, the Costa de la Luz, and Portugal. In the eastern outskirts of Seville there are lots of blue motorway signs to Huelva. Ignore them and keep going to the city centre. If you follow the blue signs you will come to the end of the road or find that it has not yet opened. Police will wave you back to the N-IV.

Once you get to the centre of Seville, follow the white signs to Huelva and any yellow signs saying "Huelva – deviso provisorio." They will guide you across the Rio Guadalquivir and on to the motorway.

Getting to Seville from the airport may be easy, but going back isn't. Don't bother asking the locals as they are equally confused. Ignore all signs to the airport unless they are yellow and have a black drawing of an aeroplane.

Follow the white signs to N-IV for Carmona and Cordoba. Once you are on the N-IV don't get off until you see the runway and the aeroplanes.

Don't be fooled by a green sign saying "Aeropuerto – Poligono" which will lead you to a deserted industrial zone. If you end up there, don't panic. Return to where you left the N-IV and you will see a traffic light. Turn left and you should be back on the right road.

TRAVEL

Deep in the forest, a banshee screams

***Mary Anne Fitzgerald** tracks the mighty gorilla through one of Africa's most beautiful and unspoilt regions*

WHO SCREAMS like a banshee and smells like a construction worker's socks? Those who have been trekking in an African rain forest will know the answer immediately: a silverback gorilla.

The Dzanga-Ndoki national park has possibly the most dense gorilla population in the world. Tucked deep into the forest of the Central African Republic, the gorillas are accessible only by walking for hours, so that seeking them out is a bit of an adventure. Shy and sometimes belligerent, they do not put out the welcome mat for those who eventually find them.

"It's that first contact that's really terrifying. If you survive that, you are pretty much assured you are not going to get killed," said Mike Fay, the park's warden and a former gorilla researcher.

He should know. He has survived numerous encounters with silverback males, not to mention frightened elephants and irate poachers. Following Mike single-file along winding elephant trails, it soon became apparent that nothing fazes him.

I must confess that I utterly failed to imitate Mike's nonchalance. The forest is so dense that I could not see more than a few feet in front of me. Knowing that I could stumble on to a herd of elephant at any moment, it was a disquieting sensation.

Sharp eyesight counts for little here. The pygmies who hunt in the forest navigate their way safely around the animals by using their well-developed hearing and sense of smell. I was not attuned to my surroundings, but I did enquire about gorilla etiquette.

If a female feels threatened by an intruder, she lets out a blood-curdling scream. This attracts the attention of the silverback male. Tempting as it may be to scream back, Mike warned me, it would be wiser to remain silent.

And if the silverback charges, first on all fours and then standing up and drumming his chest, don't run, he counselled. The correct thing to do is to fall to the ground and keep your eyes on your boots. Staring down an aggressive gorilla is tantamount to suicide. They like visitors to be quietly submissive.

Dzanga-Ndoki is part of the Congo basin rain forest, an area of 2.5m sq kms that accounts for about one-fifth of the earth's tropical forest. This primeval wilderness is one of the last enclaves in Africa for endangered species such as forest elephants, gorillas, chimpanzees and bongo as well as a host of other forest animals. Buffalo, duiker, golden cats, leopards and monkeys abound.

Until recently it suffered the onslaught of poachers and loggers. Then, last year, Mike Fay was appointed director of a prototype conservation scheme which, if successful, may serve as a blueprint for other parts of the continent. Rain forests may be regarded by the rest of the world as a global heritage that must be protected at all costs, but this belief is meaningless if the people who live in them are not given a way to survive.

Thus part of the forest has been demarcated as a reserve where licensed hunting and some logging can take place. The uninhabited areas that flank the reserve have been designated national parks. The project's headquarters are at Bayanga, a torpid village of palm leaf and wood shacks on the banks of the Sangha river, about 100 miles from Bangui, south west of the country's capital. Visitors can base themselves here, renting rooms from the local logging company.

It is a langourous place where early mornings are lined with a smooth velvet mist that sucks the opposite river bank back into the gloom, leaving the forest's existence to the imagination. It takes time to feel at home beneath a canopy of trees three storeys high. But this is not the heart of darkness. Once you have adapted, like the pygmies, you will never want to leave.

Guest facilities are basic, which is part of the charm of being there. Mike hopes to attract more than 2,000 visitors a year, paying about £25 for three days of game-viewing on foot. The Dzanga-Ndoki park is remote, but it is one of the few tropical forests accessible to outsiders.

"We may be the last generation able to enjoy a completely unspoilt environment. Every time you go out you have the excitement of what you are going to see. Every time is a new adventure," he said.

One morning I accompanied Mike and his wife Andrea, a zoologist who now works with the pygmies, and Mbutu, a merry 5ft tall tracker who strode down elephant paths on splayed bare feet. As soon as the dark vegetation enfolded us, I knew we had embarked on a mysterious and magical journey.

The rich, damp scent of wild mushrooms and rotting flowers was mixed with the pungent aroma that rose from pools of elephant urine. High overhead the branches rattled as colobus monkeys leapt from tree to tree, their staccato barks signalling our presence to other members of the troop. The trail led to a marshy meadow where a halo of butterflies descended on Mike and Mbutu as they splashed through a stream. It was one of several salines where elephants congregated to dig out the mineral salts in the soil with their tusks.

Twenty feet from us two bull elephants were pulling up tufts of grass with their trunks and stuffing them into their mouths. We made a prudent retreat to the edge of the clearing, but Mike moved forward for a closer look, pressing himself against a tree that was startlingly close to the elephants.

No one else noticed the grey form to the left slowly moving through the bushes towards us. Browsing, this third bull was oblivious of our presence. I caught Mbutu's eye. He grinned widely and started tiptoeing towards the cover of the trees, motioning me to follow.

Then the bull crossed our tracks and caught our scent. Uncertain of our whereabouts, he tried to escape but ran towards us instead. No one said a word, but suddenly everyone was running. As soon as we broke cover the bulls wheeled away from us, their trunks waving above their heads. Seconds later they had been sucked into the dark forest.

We all laughed, and a lesson was learnt. Elephants are frightened of humans, but if your scent leaves a confusing trail you can get trampled as the herd stampedes to safety.

Mbutu set off in the elephants' wake, slashing at vines and branches with his machete. He walked upright through this tunnel in the vegetation. However, we had to bend low as we weaved up and down slopes and across streams.

We were on a gorilla feeding trail. For Mbutu it was like following a well-marked highway. I saw nothing until he pointed it out to me. Here the bent blade of a plant. There the pips of a myranthus fruit which had been chewed and spat out. Further on, a crumbled termite mound. The gorillas scoop up a handful of dirt, pick out the termites and pop them into their mouths.

Suddenly Mbutu stopped and raised his hand. We froze. "Don't move: elephants," whispered Andrea. There was a vague noise. A breathing of some sort very, very near. We waited until the elephant wandered off with gentle footsteps.

My heart was pumping. It pumped harder as Mbutu suddenly fell to the ground. This must be it, I thought. The other encounters were merely preparation for this one. With heart in mouth I awaited the gorilla charge.

Then Mbutu sat back on his heels, pinched his nose and made a high-pitched mewing sound. Within moments a female blue duiker, the smallest species of antelope in the forest, hesitantly picked her way across the dappled shade towards us. She was no bigger than a cocker spaniel and looked about her with huge, madonna eyes. She paused 10ft away with thimble hoof mid-air. Suddenly she saw us and spun round – and was gone. This tiny creature's brief display of trust had been so moving that I wanted to cry. "It's like a religious experience," said Andrea.

Come to that, so is an encounter with a troop of gorillas. We weren't able to find them that day, but for those who do get close, surviving the wrath of a silverback must seem nothing short of a miracle.

Dieter Plage

Tread warily: the male silverback gorilla does not put out the welcome mat for visitors

Travel Information

Flights: From London to Bangui four times a week, UTA/Air Afrique (tel: 071-629-6114). Prices start at £1,021 return (low season).
Accommodation: In Bangui, the Sofitel or the cheaper Novotel. Visitors to the Dzanga-Ndoki national park should contact the US embassy in London (071-499-9000) for further information. The park is USAID-funded.
Car Hire: You can hire a car in Bangui to travel to the park or catch a flight with the local logging company (£100 round trip approx).
Visas: There is a Central African Republic embassy in Paris or try The Visa Shop in London (071-379-0376), all-in-cost £75).
Health: Malaria is particularly prevalent.

High seas and cosmic light shows

***Michael Woods** takes an Arctic cruise amid the aurora borealis*

LINES OF pale green light pierced the sky like the fading remnants of a laser show from a distant rock concert. As each beam began to wane and languish, so another was sent stabbing across the heavens.

Above the mountains surrounding the fjord hung curtains striped with dark and light as though in folds and pleats. The aurora borealis was giving us a cosmic light show of its own. And a boat must come second only to a mountaintop as the best platform for appreciating the aurora's beauty.

Our vessel, the *Kong Olaf*, was no cruise liner but the workaday *hurtigruten* or express coaster which weaves in and out of Norway's islands and deep sea channels all the way from Bergen in the south to Kirkenes in the far arctic north.

The return journey takes 11 days and so, to ensure a daily service, there are 11 ships in the fleet. Part of the boat is reserved for cargo and part for passengers. Local people use it both for business and pleasure, while visitors can make the whole or part of the voyage.

If your idea of a working ship is a rusting hulk plugging its way around the ports of the Far East, then think again. This is Norway, with its centuries of seafaring history. The vessel is smart and well-run, the Scandinavian food excellent and abundant and the cabins, with *en suite* facilities, *comfortable and sufficiently* spacious.

The pleasure of each stop, however short, is enhanced by watching the unloading and loading of cargo. The crane in the bows heaves into life and burly Norwegians in hard hats and fur-lined boiler suits, the very image of Lego men, emerge to jostle and shout and man-handle the goods.

On the quayside, a forklift truck whines and scuttles busily back and forth, moving loads too large or heavy to send by air. Two barrels, a stack of roofing sheets and a bundle of steel reinforcing rods, come off. A motorbike, two big crates and a collection of double glazing panels are hoisted on. All the while the ship rises and falls on the swell, chafing at the old tyres chained along the quay which crush and scream under the pressure.

By day we slip through deep fjords where the sheltered water is silvery and as smooth as a boating lake. The ship's bows cut through the sea, shouldering it aside in curling white lines, as the vessel dashes into apparent blind alleys bounded by cliffs which only reveal the way forward when all seems lost. The *Kong Olaf* leans jauntily as we turn sharply to port or starboard and then press forward again.

The tops of the autumn mountains are snow-sprinkled, their sides a gentle purple from the covering of birch whose foliage has fallen. The red leaves of rowan or the yellow of willow that still cling to the trees add an occasional fiery note. The hills are empty and wild for miles, but suddenly a small area of flat land and a sheltered bay creates a sufficiently attractive spot for a house or a hamlet.

Wooden buildings in green, white, brick-red and light blue are surprisingly hard to see among the bright green fields. Long after they have slipped astern, we are left wondering how the inhabitants make a living in such isolated spots.

At night, the world changes. Stars twinkle on the black water and the dark silhouettes of the hills and islands loom much larger and closer. It is reassuring, then, to see the radar scanner twirling on top of the bridge. Red lights, which change to green as we go by, mark our passage while the lines of white lights along the village waterfronts look like stationary trains waiting for a signal which will never come.

Occasionally, the route crosses an open stretch where the lack of shelter is immediately obvious. The disadvantage of coasting is that onshore winds catch you broadside so that the ship rolls, sometimes enough to re-arrange the deck chairs on the sundeck.

The guidebook says that the three-hour journey across the Vestfjord is one of the delights of the trip in fine weather but that "in bad weather this bay is nasty." It was nasty for us. The sea was an inky blue-black, its surface pitted and scarred like badly planed wood between the breaking foam of the crests, and the ship rolled far enough to bury the porthole of my cabin under a mass of bubbles.

To be fair, though, it was especially rough on our trip and, after a wonderfully calm summer and autumn, even the captain was slightly nonplussed. Nevertheless, the shelter of the Lofoten islands was most welcome.

The Norwegian coastal towns (most of the major settlements are on the coast), changed as we travelled north. While Bergen is urban – its teaching hospital is the largest building in Norway – and has a university and an extensive range of shops, it cannot escape its maritime past. There is a fishery museum, a large salt-water aquarium and a busy fish market.

The ship waits for two hours at Tromso, which is time enough to visit the excellent museum or the new planetarium. We were now well within the Arctic Circle and the terrain of smooth exposed bedrock and sparse vegetation, among which the houses were scattered, reflected this. Pavements were less common and the pitted surface of the road told of hard wear from studded snow tyres.

Some of the stops last several hours and enable passengers to take an organised tour ashore or even to desert the ship, travelling overland to rejoin it later. We finally left the *Kong Olaf* at Hammerfest, where the ever-present eider ducks could be seen diving in the marvellously clear water under the pier.

The town, which clings to the rocky coast, its roads protected by stout snow fences, had a distinctly frontier feel. Sadly, the fishing fleet could catch nothing to supply the fish factory, the town's main industry, but there was a new and gleaming airport where we watched almost tame hooded crows picking through waste bins as we waited for our plane.

■ *Michael Woods' flights to and around Norway were provided by SAS and Braathens Airlines, while his voyage on the hurtigruten was arranged by NSR Travel Bureau: London, tel: 071-930-6666.*

Travel Business
The £300 barrier

THE ERA of the £300-per-night standard hotel room in central London may only be a couple of years away, according to a survey from the Expotel hotel reservations agency.

It says that while the average price for a single room in a five-star hotel rose by just over 8 per cent last year to £211.50 per night, this masked wide variations in rates: from Blakes hotel at £134 a night to £264.75 at the Hyatt Carlton Tower. At the expected level of inflation of the next few years, Expotel says that the £300 barrier must soon be breached.

However, Forte Hotels has a more reasonable offer: it is guaranteeing a room price (up to two adults and two children, though this might be a squeeze) at £49.50 Sunday-to-Thursday and £39.50 Friday and Saturday at its three-star Posthouse chain in 51 UK towns.

* * *

With less than a year to go before the opening of the Euro Disney theme park outside Paris, Disney is building up its network of travel operators to handle the expected 1m visiting Britons. Paris Travel Service becomes the first operator to start selling holiday packages to the Magic Kingdom from today, while P & O European Ferries puts its packages on sale next week.

* * *

Orlando, Florida, the most popular long-haul destination with Britons last year, has still not made up the ground lost during the Gulf war. Bargains, therefore, are still to be found: Jetsave has a £229 flight-only return fare available from next Friday, while Poundstretcher, the British Airway's subsidiary, is offering the same fare early next month.

* * *

Travel agency Thomas Cook has launched a scheme enabling travellers to buy and receive travellers cheques and foreign currency from home. Customers phone Cook direct (on 0733-502446) and pay for their currency order by credit card: it is then delivered direct to their home within three working days.

* * *

The macho image of travellers on adventure holidays has taken a knock from a survey of 10,000 customers of adventure specialists Explore Worldwide. It found that the typical adventure holidaymaker was female, 39, and travelled without a partner. Most popular destinations with the over-35s of both sexes were the Soviet Union, the Galapagos and a 16-day mountain trek across Pakistan and China. Under-35s typically chose a more adventurous Moroccan desert truck trip, a Zambezi river safari, or a hill tribe trek in Thailand.

David Churchill

BOOKS

Britten's life — with grace notes

BENJAMIN BRITTEN wrote no autobiography (nor did Peter Pears, save for a 30-page draft), and to date there has been no official biography of him. Donald Mitchell, Britten's publisher, devotee, expositor and archivist, was appointed by Britten as his biographer, with the injunction, as he recounts in the introduction to the present volumes, "to tell the truth about Peter and me"; and duly set about his mammoth task.

For what one suspects to be a number of reasons, he interrupted it early on (he still means to finish it), and transferred his attentions to the vast quantity of letters by and to Britten which it was possible for the Britten-Pears foundation to publish, and also to the twelve volumes of pocket diaries which Britten kept as a young man (1928-39) and handed over to Mitchell in a shoebox shortly before his death.

A substantial biography has meanwhile been undertaken by Humphrey Carpenter (biographer of Auden). But such is the ambitious nature of the Mitchell-Reed project that one begins to wonder if there will be any need for a formal biography when the last of these thick volumes of correspondence has appeared. For they effectively form an autobiography and biography rolled into one. All the principal sources for any biography are here, in unadulterated form (not only diaries and letters but transcripts of interviews conducted by Mitchell for the Britten Archive with numerous personae of Britten's life; BBC internal memoranda, and much else); and why, if the proper mode of presentation can be devised, shouldn't they be allowed to speak for themselves?

Britten may not have attempted memoirs, and indeed wrote little public prose of any kind, but here he is telling us exactly what he thinks about all manner of things in his diaries, and getting across a great deal of himself and his opinions in his letters. There is the advantage, too, that he cannot rearrange his life with hindsight, cannot fabricate an autobiographical image of himself. Letters are the raw, existential datum; and those of a man of historical significance always, when printed in chronological sequence, afford the reader the satisfactions of a fundamental dramatic irony: the writer doesn't know what is going to happen to him next, and we generally do.

Mitchell and Reed make sure we do, with their textual apparatus. This is the sense in which the volumes are virtually a biography: as soon as a significant name occurs in a diary entry or letter, the glossing editors describe that person's career and give an account, often very detailed and replete with original material, of the interaction with Britten's. Thus the meanest scrap of correspondence may prompt a ten-page excursus. Press notices of Britten premieres are included, and new critical perspectives are constantly being considered. The research that has gone, and is still going, into the project is truly phenomenal. These are unmistakeably volumes for the library-scholar and for posterity; yet they are very readable, while the jump-forward method does work; it proposes itself indeed as an interesting new non-linear literary form.

Take for example what the editors refer to as the "Dunkerly story". "A frieze of boys runs through the diaries," Mitchell remarks, "rather like [Proust's] procession of girls along the front at Balbec"; and one of them was a schoolboy with whom Britten walked home from Lowestoft station one day in 1934 and stayed in contact until his suicide in 1959 just before he was to marry. He is one of the dedicatees of the *War Requiem*, which indicates that Britten thought of him as a war casualty.

But the complexity of their relationship and of Britten's feelings of guilt becomes clear from the extended footnote in

LETTERS FROM A LIFE: THE SELECTED LETTERS AND DIARIES OF BENJAMIN BRITTEN 1923-1945
edited by Donald Mitchell and Philip Reed
Faber & Faber 2-vol set £75, 1403 pages

which an Aldeburgh Festival talk by the Australian artist Sir Sidney Nolan is reproduced. On tour in Australia in 1970, Britten was shown the spot where Nolan's younger brother, who drowned in the war, was buried; and, mentioning a friend of his own who hanged himself on the morning of his wedding (not the strict facts of the Dunkerly matter), suggested to Nolan that they might collaborate on a ballet in which the successful passage into manhood of an Aboriginal boy would be set against the tragedy of an English boy's initiations. This fascinating project (like many others tantalisingly strewn across these pages) never materialised; but it is wonderful to learn all about it – and other things too (there was more than one suicide in Britten's life) – from a gloss on the diary's merest parenthesis: "(& young Piers Dunkerly – tell it not in Gath)".

Britten's diary-entries are simple and direct – evidently crammed into the daily page-space, and rarely more than a hundred words – with scant literary interest but riveting for their factual detail. They are gratifyingly full of the minutiae of everyday life (hair-cuts always noted), and give valuable evidence of Britten's early musical enthusiasms. At concerts or on the wireless Britten heard much that was new, not only works by his teachers Frank Bridge and John Ireland, or by Vaughan Williams, Delius and other English figures, but by Ravel, Strauss, Berg, Stravinsky and even Alexander Mossolov, whose futurist orchestral piece *Music of the Machines* he found "v.interesting and fiendishly clever. But, is it music?" (Feb 25, 1931).

Wagner and even Brahms meant much to him at this stage; Stravinsky's *Sacre* is "all astounding" and his "great Psalm Symph." must have influenced Britten's own choral variations *A Boy Was Born*, completed in 1933. A concert performance conducted by Albert Coates in 1936 of Shostakovich's opera *Lady Macbeth of Mtsensk* impressed him particularly for its entr'actes; and the editors duly remind us of the importance of interludes in *Peter Grimes*. In the second of these volumes they adduce Gershwin's *Porgy and Bess*, a performance of which Britten attended in New York in 1942 at Serge Koussevitzky's behest, as an important if unconscious influence on *Grimes*; while at the end of the volume we find Britten, about to compose the opera, poring admiringly in a Tooting hospital over, of all things, the score of Strauss's *Rosenkavalier*.

The diaries are on the whole more interesting than the letters, and the second volume, which is only letters, can become rather dry. Britten's correspondence has none of the literary zest and sexual candour of his friend Percy Grainger's; though the exchanges between Britten and Pears lack nothing for romantic effusiveness ("we'd better not be apart too long or I may shrivell (*sic*) altogether up in my depression ... I love you, I love you, I love you," Britten writes to his "Honiest, bunchiest" in 1944; Pears addresses Britten as "my white-thighed beauty").

One tires of Britten's upper-middle class idiolect (too many "beastlys"); though as used by the Gresham's schoolboy in letters to his mother such language has a definite period pungency. Yet, bringing in as they do such vital personalities as Auden, Isherwood and Lennox Berkeley and sweeping across continents and organisations such as the GPO Film Unit and the BBC, these splendid volumes do indeed paint the portrait of an age.

Paul Driver

Advance of the masses

THIS BOOK has an intriguing title, which explains why I picked it up in the expectation that an interesting thesis would emerge. It does not.

Dr Hopkins is an honorary research fellow in economic and social history at the University of Birmingham. He has the perfectly reasonable idea that the English working classes reached their apogee around the 1970s, then went into decline. The trouble is that he is uncertain about his numbers and his definitions.

Until the early 19th century, the general populace used to be known as the lower orders, the masses or even the mob. Hopkins reminds us that it was not until the 1820s that the term "the working classes" was widely used. By the beginning of the 20th century, it was well established: most of the country was working class in one way or another. Helped by two world wars, and several doses of liberal reform, the working classes continued to advance on almost all fronts. Earnings went up, social security was extended, political representation was increased and, as working hours were down, there were greater opportunities for leisure.

The wars were a help in two ways. They helped underline the fact that people, whatever their social origins, were dependent on each other, and

THE RISE AND DECLINE OF THE ENGLISH WORKING CLASSES, 1918-1990
by Eric Hopkins
Weidenfeld & Nicolson £18.95, 25 pages

thus re-enforced the case for social and labour reforms. They also gave a greater role to women, whether they served in the armed forces or filled the gaps in the civilian work force left by the men. Women also made their mark during the unemployment of the inter-war period. Often, as Hopkins remarks, the working class mother was the person who held a demoralised, out-of-work family together.

Whether the wars accelerated reforms that would have come about in any case is an open question, as Hopkins is fond of saying about almost everything. Certainly it is arguable that the outbreak of the First World War actually interrupted the women's movement, which did not get under way again until the 1960s. Women continued for a remarkably long time to accept lower rates of pay than men, and it is a curious fact that pressure for social and labour reform among the English working classes was seldom explosive.

Sometimes improvements were resisted, even when offered. Hopkins cites the case of rehousing by the London County Council between the wars from east London to Dagenham in Essex. It was objected that because the new premises were bigger, they required more furniture, and that because the air in Dagenham was fresher, the children acquired larger appetites and cost more to feed.

The book is full of anecdotes like that: for example, during the Second World War the Brighton & Hove Albion football team was once so depleted that it had to borrow soldier volunteeers from the crowd – and still lost to Norwich City 18-0.

Where the book is weak is in living up to its title. The great majority of the working classes advanced so far this century that they were no longer recognisable as working class in anything like the old sense. As Hopkins himself admits, the very term now has an old-fashioned ring. The Labour Party now has to look to middle class votes for survival. It is a quite separate point that perhaps 10 per cent of the population is still notably poor. That does not mean "the decline of the working classes": it is an identifiable problem that can be dealt with.

Malcolm Rutherford

A wit with words

ALTHOUGH Joseph Liebling was not exactly unappreciated in his lifetime, he has become something of a cult figure since his death in 1963. "Liebling is irreplaceable," says Tom Wolfe. "The wittiest American writer who ever lived," pitches in Garrison Keillor.

True or false? As a means towards evaluation, I suggest a comparison. To start with, Liebling's humour is light-years away from the easy caricatures of Damon Runyon, so admired by a certain kind of Englishman. Runyon was a Kansan who came late to New York and peddled fiction about so-called Broadway types.

Liebling is for real. His Broadway types are taken from life. The son of a New York furrier, who was sufficiently non-orthodox to send him to Dartmouth, he went via Columbia, the Sorbonne, the *Providence Journal* and the New York *World-Telegram* to the *New Yorker*, where he was a staff writer from 1935 until his death.

An Anglophile, a gourmet, a follower of Pierce Egan and the Noble Art, Liebling delighted his discriminating audience with the quality of his style. When the Second World War broke out, this most gifted of reporters went to England and landed under fire in Normandy on D-Day. Filling in the human details which the wire services left out, overweight, gouty, short-sighted Liebling showed more courage than many of his brothers in the trade.

After the war he continued his work for the *New Yorker*, editing a column called "The Wayward Press," and thereby taking over the mantle of the immortal Robert Benchley. His lineage as a journalist goes back even further, for he acted sometimes as the conscience of American journalism and mocked what Mencken called "the booboisie." His feud with Col Robert McCormick and the *Chicago Tribune* is legendary. He scorned editors who could not write and was rude to

BACK WHERE I CAME FROM
by A.J. Liebling
Fourth Estate, £6.95, 303 pages

THE HONEST RAINMAKER
by A.J. Leibling
Fourth Estate £14.99, 159 pages

newspaper executives who told him the public wanted only blood, money and sex.

Liebling began publishing his pieces in book form in the 1930s. *Back Where I Came From* has a certain period charm for those who only know the post-war Liebling. It is reminiscent of the time when Jay Gatsby could protest that he was "an Oggsford man." Liebling's pre-war New York has something in common with O. Henry's Baghdad-on-the-Subway, a place of Armenian cookery, characters called the Vest, the Brush and the Clutch, Tony di Laurentis, the professional eater, who opens the season with a couple of hundred oysters at a sitting, and Mayor Abe Haimowitz, who says friendship is all right, "but not with the hands."

Liebling's war sketches, published in *The Road Back to Paris*, were followed by *The Telephone Booth Indian*, *The Wayward Pressman* and *Mink and the Red Herring*. *The Honest Rainmaker* came out originally in 1953. One can see the logic of the choice, since the sketches are all about one man, Col Stingo, a *nom de plume* for James A. Macdonald, a racing tipster and well-known character. Yet one could equally argue that part of the charm of Liebling's other collections was the very variety of the characters described. Although, handled by Liebling, Col Stingo is never boring, he does go on a bit much for the average reader. Not for Liebling, though. For him Stingo's sentences soar "like laminated boomerangs, luring the reader's eye, until they swoop and dart across the mind, like bright-eyed hummingbirds, for a clean strike every time."

Nine years after Liebling's death, a group of journalists gathered in New York to mourn the man they considered the greatest journalist of his time. They lamented that he had died before Watergate, the Six Day War, and the performances on the canvas of Muhammed Ali. What a meal he would have made of them.

Since Liebling, the *New Yorker* has never been quite the same. Whether or not he was "the wittiest American writer who ever lived" depends on whether you agree with Garrison Keillor's idea of wit. Liebling does not make up *mots*. He recounts with a deadpan sense of humour. He is not only irreplaceable; he is also irresistible.

Geoffrey Moore

Fiction

An accent on India and...

INDIA HAS a strong fictional personality. So the Indian novelist writing in English has a head-start. Two centuries of overlapping life, a culture so mixed with the British that the two cannot be wholly disentangled, the accent of Indian speech, the look and colour and gesture of Indian life, all make things at once exotic and familiar to outsiders.

Amit Chaudhuri has just won the Betty Trask Award with his novella *A Strange and Sublime Address* and a clutch of short stories with it, and his writing shows, with the greatest delicacy, this sense of pasts intertwined and languages interdependent. Not that the novella says much about the British past: the story is almost poignantly simple and next to nothing happens. But what does happen, day by day in a ramshackle house in Calcutta to a visiting nephew (10 at the start, 12 by the end) from a smarter, lonelier life in Bombay, gives a totally convincing picture of Indian domesticity at this particular place and level.

Used to life as an only child in a 23rd-floor flat, Sandeep becomes totally immersed in his cousins' world, the sharing of bed and bath, the heat, the monsoon rains, endless games of pretending, long aunt-ridden afternoons listening to half incomprehensible female chat.

A STRANGE AND SUBLIME ADDRESS
by Amit Chaudhuri
Heinemann £13.99, 209 pages

SWEET CHILLIES
by Balraj Khanna
Constable £13.99, 267 pages

SWEET DAYS OF DISCIPLINE
by Fleur Jaeggy
Heinemann £12.99, 101 pages

Near the end his uncle has a heart attack, goes into hospital, alarms everyone, but recovers and comes home. That is all: a boy's world conjured with total credibility, a way of life looked at with some sharpness, some tenderness, some irony, and never a sense of strain or even effort. A perfect, small achievement.

Sweet Chillies is more overtly concerned with the British legacy: an upper-class couple called Bunny and Bunty sets a social tone. The heroine, whose glamour almost stops the traffic in the modern city of Chandigarh, learnt her 1930s-style English from the suitably named Miss Doolittle, and claims to have had her schooling at St Paul's in London. A group of ex-public schoolboys known as the Simla Pinks speaks an English so startlingly pukka that no-one in Chandigarh can understand it.

Balraj Khanna, a painter living in London, has written a fast and furious novel of (more or less) Punjabi manners, with a complicated plot, much eye-rolling sexiness, and local colour, admittedly attractive, laid on with a hefty palette knife. All this is in sharp contrast to Chaudhuri's restrained, internal Indian-ness, yet entertainingly and no doubt genuinely Indian nonetheless; a comic strip, as against an exquisite miniature.

An anorexic novella about a schoolgirl crush, *Sweet Days of Discipline* is so minimalist in technique it seems meagre. So uncommunicative, too, that by the end I was none the wiser about its meaning, its characters, or even what had happened. Yet it comes garlanded with two Italian prizes and "great critical acclaim", and an assurance from Joseph Brodsky that although its reading time is four hours (he must be a slow reader), its remembering time (how can he know?) is "the rest of one's life". In other words, a work that strikes me as thoroughly bogus has acquired some success on its way to a readable English translation by Tim Parks.

Its bogusness lies in an elliptical way of dealing with reality that appears to use realism but in fact seems more like a series of holes, non-happenings, non-descriptions. Fifteen-year-old at a Swiss boarding school; an atmosphere vaguely erotic but nothing occurring except long walks in the woods. End of schooldays, disappearance of the beloved Frédérique, then her brief reappearance living a cubby-hole in an office block in Paris. Twenty years after, the narrator's visit to the old school. It is not, they tell her, and never was, a school, but a home for the blind. Eh?

Isabel Quigly

...South Africa

THERE MUST be something in high political drama which promotes the emergence of good writers. South Africa, relative to its tiny white population, has surely delivered a remarkable number of gifted novelists. Here are three new titles which comment on that point.

The Beautiful Screaming of Pigs is a striking near-debut promising great things in the future. Young narrator visits Namibia with his mother: he fought there in the South African army and was invalided out; she is going to join her black lover. It is the sort of brusque, subbed-back novel that reminds you of what good, taut prose can achieve. Damon Galgut writes, as they say, like an angel.

"Pigs scream. There is no sound on earth like the sound of a pig being dragged to its death in the dust. From the moment they are seized they know what is to happen. They bellow. They squeal. They defecate in terror. Like men, they protest their doom; and finish their lives with a shriek."

Anthony Sher's new book is deeply flawed, but it's also memorable, by which I mean that you won't forget it as quickly as you will most of this year's novels. That's because he has a wonderful ear for dialogue (is it an actor's gift?) which he bestows on his narrator, the appalling Leon Lipschitz, South African expatriate and bisexual millionaire, heavily into booze, sex and cocaine and harassed by the three A's (Apartheid, Anti-Semitism and AIDS).

The narrative voice is splendidly done: the tale is told in first-person torrent of Sea Point English, Afrikaans, Yiddish and Polish, and is utterly convincing. The tale told is less so as Lipschitz, living the

THE BEAUTIFUL SCREAMING OF PIGS
by Damon Galgut
Scribners £13.95, 128 pages

THE INDOOR BOY
by Anthony Sher
Chatto & Windus £13.99, 277 pages

EMERGENCY CONTINUED
by Richard Rive
Readers International £12.95 (£6.99 paperback), 185 pages

high life in Hampstead with his *Guardian*-reading wife, falls for a pretty young Afrikaner boy (and so does the wife). Off they go to Cape Town on family business, followed by the mysterious boy who by now is emerging as an ex-cop and torturer. He is of course Mephistopheles and Lipschitz, late in life, has to fight for his soul. I offer it as a compliment when I suggest that Sher may become a substantial novelist. He's not there yet.

Richard Rive was for years a leading Coloured writer and intellectual in Cape Town. He was murdered in 1989. It is good to have his posthumous novel, *Emergency Continued*, but impossible to deny disappointment. A Cape teacher with a radical record and a rebellious son lives through 1the 1985 disturbances: he reports on his moral dilemmas in letters to a friend in Canada. There is tragedy here – "I deliberately shut all the windows of my life" – but the prose is deadly flat, inadequate to the drama. The tragedy told must refer to the failure of Rive's career, which compounds the sadness of this slim volume.

J.D.F. Jones

Crime

JOHN SHERWOOD'S winsome Celia Grant, horticulturist and keen dilettante detective, remains irresistible; and her latest adventure, *The Sunflower Plot* (Macmillan £11.95, 191 pages) is engagingly readable. But the author does his heroine a disservice by initiating the story misleadingly.

In the first chapters we are introduced to several characters who are not being presented in their true colours, though Sherwood gives us no hint of their real nature. Later, when Celia begins to penetrate their masks, we justifiably feel cheated. Still, once we are enabled to distinguish villains from innocents, we can still enjoy Celia's alert perceptions, her penetration of character.

A pity there isn't more horticulture in the story. It would have been good to have more about the alpines and less about drugs.

A Classic English Crime is a sparkling anthology (edited by Tim Heald, Pavilion £12.95, 215 pages). An act of homage to Agatha Christie, it assembles work by 13 of our finest contemporary practitioners, all invited to write a short story set in the period between the two World Wars and, if possible, employing Christie's familiar sets and props: the country house; the vicarage; the theatre.

Several writers even introduce Miss Marple and Poirot, either thinly disguised or under their real names; and Tim Heald produces a charming, ingenious spoof of Christie scholarship, in the Baker Street Irregulars vein, only much less solemn.

All of the contributors are in fine fettle, and all deserve equal praise; but it is impossible not to give a special round of applause to Robert Barnard's splendid below-stairs tale, in which the gossipy staff satisfactorily solves the crime committed on the other side of the baize door, and three cheers for Catherine Aird's lethal dinner-party in the heart of Christieshire.

William Weaver

Touting Tosca and paintings

Recession brings out the entrepreneur in us all, says Antony Thorncroft

TICKET SALES for *Tosca* at Earl's Court are picking up and the extravaganza is two thirds sold with a week or so to go before opening night. This is good news for the most important man in sport, Mark McCormack, who is looking towards the arts to expand his company, the International Management Group, in the 1990s. "I want to be the most important force in the management of classical artists and the promotion of classical events" he told me this week.

With Harvey Goldsmith he owns half of Classical Productions, the company which has brought *Aida*, *Carmen*, and now *Tosca* to London's most cheerless arena. It hardly matters to McCormack whether *Tosca* recoups its money in its five London performances. His last London venture, *Carmen*, failed to recover its £2.5m costs when first presented two years ago but subsequent productions in Tokyo and Sydney have put it comfortably into profit. It could surface in Chicago next year and then back to Earls Court, for, after developing the Big Three, McCormack and Goldsmith are bereft of other sure fire operatic hits on this dramatic scale, especially now that Covent Garden, with Raymond Gubbay, has grabbed *Turandot* for Wembley Arena this Christmas. *Tosca* is already earmarked for the Far East at the start of a 20 year life span.

In the last year McCormack, who made his money by guiding the careers of golf greats like Palmer, Player and Nicklaus, and now rules a private empire with an annual turnover in excess of $800m, has invested heavily in the arts. After taking stakes in Harold Holt and the Hong Kong based John Duffus, IMG is second in size to Columbia Artists, with over 70 leading musicians and singers to its name. If Carreras sings in Tokyo, or Domingo in Birmingham, or Kiri in New York, it will almost certainly be a McCormack promotion. His deal with Harold Holt brought him an interest in 25 more artists, including Neville Marriner and Peter Donohoe, and the touring plans of 40 orchestras.

Much of McCormack's income derives from marketing the events he creates towards corporate entertainment. Buyers and suppliers are bored with golf and tennis; invite them to hear the tenors and divas. *Carmen* was certain to be a money-spinner as soon as Mitsubishi agreed to sponsor the production in Tokyo. But this year the hospitality tents will be thin on the ground at Earls Court and no sponsor has come forward to underwrite the event.

McCormack is not worried. The recession is temporary. He is confident that there will be an increasing international appetite for mammoth, arena based, arts spectaculars in the 1990s. It is Nigel Kennedy and the Three Tenors writ large. It might not be culture but it is certainly commercial.

★

You got carried away by last year's hysteria and bought a picture at auction at the peak of the art market. Your business has gone down the drain and you need to cash in the painting. How do you set about it?

You'll get short shrift back at the auction house which will be reluctant to re-offer a "stale" picture, even if its estimate is halved. And if the picture is accepted with a very low reserve and still fails to sell the final abysmal bid becomes its notional value.

The solution is to go to a dealer who will try, either through private contacts or through its gallery walls, to find a buyer. Dealers are adapting quickly to straitened times and art exhibitions these days are very different from those just three years ago.

Take two major shows which opened this week, the important Degas exhibition at the David Bathurst gallery and *Affinities in Paint* at the Crane. Most of the works by Degas on display in the St James's gallery are on assignment from other dealers. It is the same at the Crane which offers an impressive range of paintings by artists who like to lay the paint on by the trowel load – Auerbach, Kossoff, Dubuffet, de Staël.

Only eight of the 35 paintings are owned by the Crane. Half a dozen are not for sale, being loaned out by owners for the kudos of a public exhibition in good company. Others might be open to offers. This is the case with the most important work on display – a large abstract by Dubuffet which sold at Sotheby's last year for a record $3.52m. The owner would accept $4m: might even negotiate; but in theory is just testing the market.

Other pictures come from rival galleries which in the current climate are prepared to lend paintings by top artists in the hope that Crane's contacts might turn up a buyer. Waddington, for example, has supplied a John Hoyland and there is a Kossoff, priced at £85,000, from Runkel-Hu-Williams. A few years ago dealers would never have allowed competitors access to their artists. Now the chance of a shared commission makes this an attractive option.

And amid all these major names, which should attract serious collectors, Crane can hang the work of a young artist Frank Bowling, who interests them, and who sells for a modest £9,000.

Dealers in post-1870 art are suffering as badly as the salerooms but they are more flexible in their response. They do deals – wait for payment, offer part exchange, agree to take the art back. And according to Andrew Kalman of Crane they can also be cheaper. He has works by Dubuffet and De Staël which he reckons offer better value than the paintings by these artists in the Chester Beatty collection which Sotheby's is selling on June 27. In the quiet of a gallery bargains can be struck in a nervous market which are impossible in the public glare of the auction rooms.

★

The long saga of London arts funding, or under funding, creaks on. It seems that the Minister for the Arts, Tim Renton, now takes the crisis seriously enough to go in to bat for the 50 odd clients who had their grants cut by the London Boroughs Grants Scheme. But, as so often happens in the arts, as the executioner's axe falls, the reprieve arrives.

Four of the first five companies to appeal against their funding cuts – the Kings Head, Greenwich Theatre, Photographer's Gallery, Chisenhale Dance Space – had their grants restored, but one, the critically acclaimed Almeida, was turned down. Apparently its presentation lacked sparkle. Perhaps it is considered too elitist for the Philistine LBGS. The Almeida should have taken a tip from its rival round an Islington corner, the King's Head Theatre, which got actress Maureen Lippman to make its case for it. She had no trouble getting through.

Dealers go to the Fairs

'Flying Fish' by Herbert Draper on Peter Nahum's stand at Grosvenor House

THE DEALERS strike back. For two weeks in June the spotlight shifts away from the auction rooms and illuminates the worker bees of the art market, the dealers. At the Grosvenor House Fair, in an environment best described as grandiose chic, 90 of the top names (mainly British because the Fair is organised, and dominated, by the British Antique Dealers Association) lay out their wares, the choicest, most expensive, antiques that they have gathered in during the past year.

Down the road at Olympia (until Sunday) there is a much less daunting affair, a ragbag of 350 dealers, often provincial traders, who come to this annual splash for a make or break ten days. Their customers are the British middle class, anxious to buy a dining room table, or a picture for the living room, or silver for posterity, and the continental dealers, who are always impressed by the range of goods on offer.

The mood at Olympia after a week's trading was guardedly optimistic. After three of the slackest months in the history of antiques the dealers had come fearing the worst. But attendances are up by a third, suggesting that many potential buyers have been holding their cheque books back for Olympia.

As ever some dealers did spectacularly while others shifted nothing. John Biggs of Bideford sent his van back to base for more stock having sold out twice. But he was offering English furniture for £3,000 and less, aimed directly at the public and at modest margins. Buyers were going for practical, usable items, like tables, chairs, cabinets: decorative accessories, like 18th century tea caddies, were out of favour. Hallidays of Dorchester on Thames reckoned that he was up on last year but agreed that decorative items, like the porcelain he traditionally sold with his furniture, was finding no takers.

The usually frenzied trade between dealers was noticably absent. The dealers were there to sell, to try and raise some money to keep the bank managers off their backs. Usually the money raised at the Fair is immediately invested back in the business in a buying splurge; this year it will pay off debts.

The stakes are higher at Grosvenor House, but the chances of hitting the jackpot greater. The strengthening of the dollar has brought back a few American buyers but the designated theme, *The Art and Influence of Japan*, has been over taken by events. An uneasy Japanese economy and art scandals in that country has reduced Japanese interest in antiques, although collectors of Chinese artifacts were out in force in London this week and Eskenazi sold £6.6m of its exhibition of pre-Tang bronzes, or 85 per cent of the total value.

Despite the absence of the Japanese Spink sold two tiny Landseer landscapes, each priced at £32,000, in the first five minutes of the Fair opening, and on the first day Agnews shifted five paintings, including a Turner watercolour, but not, yet, the Turner view of Venice priced at $25m. George Levy of Blairmans has also done well, his Victorian furniture and choice small items of the late 18th century standing out against the heavier brown furniture.

David Messum was one of the dealers who brought lower priced objects to the Fair. In the galleries this year buyers have been prepared to pay up to £20,000 but are in no mood to invest £100,000 in a picture. In the event his first sale was a Hornel for £85,000.

No one anticipates that Grosvenor House will solve all the problems facing the antiques trade, but a successful Fair might stop the merchant banks, rich individuals, foreign holding companies who underwrite the dealers pulling the plug on their funding for the next few months. After all this is a business in which a dealer in important Old Masters can get by on selling eight paintings a year.

Just as important as actual sales is confidence. If a mood of calm, secure, immutability in the trading of art is established new contacts will be made, and traditional collectors return to the galleries. Olympia has convinced the dealers that life goes on; Grosvenor House could persuade them that it is getting better.

Antony Thorncroft

LOUIS XIV's leather bound missel, struck with the Royal coat of arms, the copy of *Manon Lescaut* that Marie-Antoinette read while pretending to be a shepherdess at Versailles and the French Prince Regent's book of dance steps are all on sale in Paris this weekend. In a month rich with old book events and a fortnight before London's annual International Book Fair, Paris is hosting its own antiquarian books show in the Gothic vaults of the Conciergerie on the Ile de la Cité – the fifth Foire Internationale du Livre Ancien.

The 1989 Fair attracted 60 dealers and over 10,000 visitors. This year 80 dealers, 21 from abroad, are exhibiting some 30,000 works at prices which range from Fr500 to Fr1m. All but three of the Americans pulled out during the Gulf war. Jonathan A Hill, however, travelled over because he thinks Paris has become "one of the greatest centres of the antiquarian book trade – we have many important clients in Europe and especially in France."

For all the glamour of some exhibits such as the French Royal pieces, the fair covers every speciality in the book trade. An expert in manuscripts and printers' proofs, M. Nicolas for example, is presenting a selection of autographed musical manuscripts at the Conciergerie.

Jonathan A Hill has on offer a first edition of Isaac Newton's monumental *Principia* of 1687 which is extremely rare on account of its excellent condition and prices accordingly at Fr660,000. His fellow New Yorker, Martayan Lan, has a first edition in its original binding of Galileo's "Dialogo" 1632.

The French book shop La Nef des Fous, boasts a very rare English manuscript of commentaries on the Psalms, circa 1400 by Petrus de Herentals with particularly fine illuminations for Fr900,000. Librairie Valette in Paris meanwhile, sold its first edition of Rabelais, printed in Lyon in 1548 for Fr250,000 even before the fair opened. On a more modest but still bucolic note the Librairie Gangloff from Strasbourg is exhibiting 50 19th century books on vines, wine and distilling at up to Fr5,000 each. Comellas has a volume of moral tales written around 1850 by Madame de Gaulle, the general's grandmother.

France's growing importance in the antiquarian book trade was confirmed by Christie's decision last January to base their European books department in Paris, headed by Dutch born expert Felix de Marez Oyens.

All Paris book dealers meanwhile send their catalogues to President Mitterrand, a well known book lover and regular visitor to the Paris Fair. "You see, educated French people tend to like books. President Mitterrand is a wonderful writer, too, as were President Pompidou and General de Gaulle. But do you see George Bush, Margaret Thatcher, or John Major collecting books?" Mr Marez Oyens, said.

Nicholas Powell

OBITUARIES

Dame Peggy Ashcroft

EDITH MARGARET Emily Ashcroft, who died yesterday, was born in Croydon, where the Ashcroft Theatre now stands, in 1907. This date matters little, for Dame Peggy Ashcroft was any age she chose to be. In the RSC's *Wars of the Roses*, her Margaret of Anjou aged from seventeen to grey old crone, in a single day's playing if needed – as she believed. "The aim of an actor should not be the part, but the whole."

Her father died in the First World War, and her mother did not want her to go on the stage. But at school she acted endlessly, and she was sent to Central with the idea of being a teacher. Her mother died before her course was done, and Elsie Fogerty helped her to find work.

Her debut was as Margaret in *Dear Brutus* at the Birmingham Rep. There followed the usual round of small parts until in 1929 she was noticed as Naomi in *Jew Suss* under Matheson Lang. Characteristic of Dame Peggy's intelligence, at her audition with him she read *The Song of Solomon*.

She gave Desdemona opposite Paul Robeson at the Savoy in 1930 – not a successful production, but as John Gielgud wrote, "When she came on, it was as if the sun had come out." The two later worked together often, first in the *Romeo and Juliet* he directed for OUDS in 1932. At the Old Vic later that year she was Cleopatra, Juliet, Viola, and the rest – some, she admitted, beyond her scope.

After various work in what was not yet called "fringe" theatre, came a more serious Juliet at the New Theatre, with Gielgud and Olivier alternating as Romeo and Mercutio.

Then came Nina in *The Seagull* under Komisarjevsky, one of her theatrical heroes. (The others were Gielgud and Edith Evans.) She was in Gielgud's fine company at the Queen's in 1937-8, as the Queen in *Richard II*, Portia, Lady Teazle and Irina in *Three Sisters*. Michel Saint-Denis kept part of this company together when it broke up. Ashcroft played opposite Michael Redgrave as Viola (he observed her "Kensington vowels"). In 1944 she was with Gielgud again, as Cecily Cardew in *The Importance of Being Earnest*, and gave a memorable *Hedda Gabler*, which she played again in 1960.

In her forties she extended her range. New parts included Catherine in *The Heiress*, and Hester in *The Deep Blue Sea* – an interesting performance, purely colloquial yet deeply intense. She was with Gielgud and Edith Evans in Edith Bagnold's *The Chalk Garden*, as the deceptively uncomplex Miss Madrigal (winning an Evening Standard award). Further out, she played in Marguerite Duras's *Days in the Trees* and as the murderess in her *Lovers of Viorne*. Further still, she played in Albee's *A Delicate Balance* and *All Over*, and, poised on a kitchen chair, was Beth in Pinter's *Landscape*. Furthest of all, perhaps, one can never forget her, cheerfully buried to the waist, as Winnie in Beckett's *Happy Days*.

Yet there was still Shakespeare at the Old Vic and at Stratford, including her magical Beatrice with Gielgud's Benedick, "like having a marvellous partner in a dance," as he said. Her Shrew in 1960 was unusual – a winner in the last scene, not a loser. She was the first player Sir Peter Hall consulted when he formed what became the Royal Shakespeare Company in 1960; she accepted at once. "Without her," he said, "it would never have survived."

She played many parts and became a director. She believed in George Devine and at the Royal Court gave her remarkable performance in Brecht's *The Good Woman of Setzuan*.

She played in films from the middle 1930s onward, but made no mark. She did not enjoy studio acting; yet later, she was Queen Victoria for BBC radio, the Queen Mother and other parts for ITV, and was unforgettable as Barbie Batchelor in Paul Scott's *Jewel in the Crown* on television, for which she gained a BAFTA award.

She was a very private person, on stage and off. As a player, she challenged the audience to forget anything other than her playing, and you don't need her string of seven honorary D.Litts to emphasise the intelligence she displayed in interpreting both comedy and tragedy. She was awarded a CBE in 1951 and a DBE in 1956, and was presented with the King's Gold Medal of Norway.

Her public interests were confined to such matters as the Arts Council, on which she served, and the Apollo Society, which she founded. She was briefly married three times, to (Sir) Rupert Hart-Davis, Theodor Komisarjevsky, and J.C.(now Lord) Hutchinson, QC. She had a son and a daughter.

B.A.Young

Bernard Miles

BERNARD MILES, who founded, with his wife, the Mermaid Theatre Trust which built the City of London's first theatre for 300 years, died yesterday, aged 83.

The Mermaid at Puddle Dock was the third theatre he launched under that name, in which he directed and played leading roles in, among many plays, Brecht's *Galileo*, Ibsen's *John Gabriel Borkman*, and Sophocles' *Oedipus the King*.

As an actor he may be best remembered as Long John Silver, in his own dramatisation of R.L. Stevenson's *Treasure Island*, first seen at the Mermaid in 1959. The line "Arrrh, Jim lad . . ." affectionately mimicked by generations of audiences, has achieved almost catchphrase status.

Knighted in 1969, he was created a life peer 10 years later for indefatigable service as actor-manager in a long, honourable, endearingly eccentric English tradition.

Jessye Norman sings Salome

ON THURSDAY at the Festival Hall, singing the final scene from *Salome* with the Philharmonia under Giuseppe Sinopoli, Jessye Norman was not grand, monumental, stately, mannered – or, indeed, any of the other things that in recent years one has come to expect her to be. She attacked the music head-on, biting into the words, changing register-gears with controlled ferocity, seizing on the succession of dramatic moods and images and bringing a singular vividness to each one. Occasionally she scooped upwards, over-emphatically; but her use of portamento was stylish, and entirely in keeping with the dramatic and musical intelligence that marked the whole performance.

The keenness of characterisation did not mean, however, that the music was chopped in favour of the words. This was one of those evenings when one was reminded, in the best way, what an ample, as well as sumptuous, vocal instrument Miss Norman commands, and how specially well suited it is to large-scale German-operatic outpouring. (Only the very top of the voice caused an occasional slight tapering-off.) It is unlikely that she can be persuaded to attempt the role, and the dance, on stage; but now, having heard from her so thrillingly direct an account of its culmination, so fierily imagined through the music and the words, one feels it must be worth at least a try.

Sinopoli and his orchestra were on best form, allowing the voice to unfold itself without either hustling the singer or forcing her phrases to drag and droop. It was a well-planned concert, showing off different orchestral timbres, styles, and extremes of range in a programme of Austro-German late-Romanticism: Webern (the Passacaglia and a pinpoint reading of the Five Pieces, Op. 10) and Brahms (the Fourth Symphony) on either side of Strauss.

Until the finale of the symphony, in which Sinopoli gave hints (mostly they were no more than that) of wanting to dandle the phrasing and toy with tempo change, the directness of his Brahms was a continual – and pleasant – surprise. He did not render the music as authentically craggy argument; he did not make its sentences and paragraphs sound inevitable. But at least he avoided "doing something" with it, in the extravagant, incoherent fashion that has characterised all too many Sinopoli concerts.

Max Loppert

Full picture of a Master

THERE IS always a case for a fresh look at the work of a great master, perhaps the more so the more familiar we are with it. And there can hardly be an English artist more familiar or better loved than John Constable, whose life and work are celebrated in the splendid show that now fills the special galleries of the Tate Gallery (until September 15: sponsored by Barclays Bank). Long acknowledged as equal in pre-eminence with his great contemporary, Turner, he has yet seemed always the less radical, difficult and various, ever the more comfortable and steady of the two – these last being especial virtues to the British mind.

The last such major study of Constable was 15 years ago, also at the Tate, and it is perhaps significant that the two of its curators, Leslie Parris and Ian Fleming-Williams, who are again responsible for this present exercise, should find themselves all but apologising for following on so soon. Clearly they protest too much, for this latest show is full of surprises, contradictions and revelations.

For all the appearance of familiarity, Constable remains oddly difficult and obscure, the oeuvre indeterminate, the career uneven and uncertain for so important a figure. Parris told us in 1976 that less than half the works that Constable had shown in public in his lifetime had as yet been identified, to say nothing of the mass of drawings and studies presumed still in private hands. Since then much more has come to light, but the headline: "Constable discovered in bedroom" is as ever less remarkable than some newspapers might imagine, merely gratifying.

Parris and Fleming-Williams have taken advantage of this new material, which was indeed the premise of their original proposal. But their scope was soon extended, with the result that they now present us with as full a picture as we shall get for at least a generation.

'A barge below Flatford Lock' by Constable, c.1810

The arrangement is both loosely chronological and broadly thematic, showing clutches of related works wherever possible but also bringing together subjects and interests that sustained Constable often over extended periods. Thus *The Suffolk Years* gives us a run of galleries devoted severally to *The Valley; The Village; The River; Paintings from Nature, The London Years: Hampstead; Brighton; Salisbury; The Set-Pieces.*

***William Packer* reviews the Constable exhibition at the Tate**

The effect of this sensible accommodation of time and place is to demonstrate as never before Constable's particular growth and development in his work. He comes to his vocation comparatively late, making his first somewhat stiff and conventional topographical drawings in the late 1790s, and his first tentative essays in paint. He enters the Royal Academy Schools in 1799, at the age of 23, and not until some three years later does he first show in public at the Royal Academy, and his work begin to take on the character of the artist we know.

The show begins with that first Academy picture of 1802, a view of trees at the edge of wood, with figures glimpsed in the dense interior. It is a work redolent of Gainsborough, but as yet heavier, even clumsy in its earnest endeavour. Thus he writes to his friend, Dunthorne: "I shall shortly return to Bergholt where I shall make some laborious studies from nature... There is little in the exhibition worth looking up to (how often has a Summer Show been thus dismissed) – there is room enough for a natural painter".

So the true career begins, in its quiet, "laborious" way through these first rooms, with their small, modest studies of Dedham Vale and the Stour, of East Bergholt and the surrounding country, and it is enthralling to see how surely, even quickly it develops, the paint fresh, the touch personal. Then, around 1810, with Constable already in his mid thirties, comes the decisive crisis. While he continues in the smaller works and oil studies as fresh and personal as ever, the larger compositions worked up from them present real problems, the old issues of idealisation, pictorial convention and *finish*.

For a while in this public aspect he remains conventional, activating the final versions of his rural landscape with the figures of contemporary genre, that in the studies are merely animating presences. But with the decision to move outdoors to paint more to a conclusion rather than simply to gather information, the resolution is achieved. Though the great machines and set-pieces are still to come, from Flatford Mill of 1816 to the Leaping Horse and Helmingham Dell of the later 1820s never again are the figures of the paintings self-conscious or sentimental.

Indeed, it is through the 1810s that we find Constable at his most natural and unselfconscious, with comparatively little that is large or overtly ambitious, but all alive with that necessary test of art against nature, and what to do about it. Do we breath that same air, respond to that same light? Wherever painted, whether in the studio or the open air, the sense will always be of reality confronted and experienced, unidealised, as it is.

And as the work goes on, so the surface itself becomes ever more alive to the nature of paint itself, and to the act and processes of painting. Constable seems to be searching instinctively not for the description but the actual physical equivalent, real enough in itself, of what he sees before him. In this he is as radical an artist as any before or since. The sequence of study, full size-sketch to final version, as in the Salisbury Cathedral paintings, may remain his regular practice, but to our modern sensibilities the greater art is to be found in the doing rather than the end. And we think at once of aged Titian, dreaming of Arcady, and old Monet by his lily pond. Constable is as modern as any of them, less romantic than Turner but, in his more earthy way, no less adventurous, the first of the expressionists.

Screen

The artistic pitfalls of social breast-beating

FOR THE third book in his trilogy on early American cinema Kevin Brownlow, author of *The Parade's Gone By* and *The War, The West And The Wilderness*, focuses on the social problem film. Two questions arose in this reader's head before he delved beyond page one. What social problem films? D.W. Griffith apart, it's hard to think of a handful of pre-talkie examples still shown anywhere. Second question, why?

Only the brave or self-punishing would pore over hours of frail celluloid in pursuit of lost movies from a virtually lost large-screen genre. Today the social problem picture has been hived off almost entirely onto TV, where "movies of the week" wring well-meaning hands about Aids or abortion, urban decay or unmarried mothers.

But you cannot push Brownlow from the scholastic chase, once his tail is up. *Behind The Mask Of Innocence* is exhaustive, skilful, frequently hilarious and commendably aware of the artistic pitfalls of social breast-beating. Indeed the book's epilogue quotes a friend of Brownlow's, the film historian Russell Merritt, who insists that Hollywood's belated swerve from problem films to entertainment films during the 1920s was the response of a sane society. Better, Merritt argues, to unite a nation in laughter (social problems can always be satirised) or romance (social problems can always be tenderised) than to divide it with rebarbative controversy.

As we pound on through chapters packed with sex, drugs, prohibition, crime, prisons, racial conflict, the unasked question keeps rearing up: "Can great art be produced by reformist propaganda?" The verdict of cultural history is surely a cautious "No": with allowances for great artists like Dickens and Eisenstein, who recognised a worthy cause when they saw one but whose genius existed quite independently of it. Of the social-conscience films appraised here by Brownlow, King Vidor's *The Crowd* is the only indisputable masterpiece. And Vidor himself disarmingly informed the author: "I didn't know it was a social film until people like you told me."

BEHIND THE MASK OF INNOCENCE
by Kevin Brownlow
Jonathan Cape £35, 559 pages

Most of the works Brownlow discusses, as he admits, went straight down the oubliette of film history. Finding them was as hard as assessing them. But for curio-hunters the search was worth it. Reading about drug melodramas whose posters screamed "The leering curse of powdered death"; about the bizarre lives of tragedy-dogged actress-socialite Evelyn Nesbit or morphine-addicted matinee idol Wallace Reid; about the habit the police had of scanning the extras in a crime movie for real wanted criminals; about the trend for social crusaders to star in their own films; all this is a peephole into a vanished world. Back in the 19-teens, a young cinema still unsure of its identity could unselfconsciously mix drama with documentary, melodrama with message-mongering.

If it was an age of aesthetic innocence, even more was it an age of social naivety. Brownlow paints a terrifying picture of an America stumbling through mazes of social crisis with none of the maps we take for granted today. Misguided caveats jostled with misguided liberties. In New York it was illegal "to give information on contraception to anyone for any reason." By contrast, opium and morphine were freely sold over the counter, and in 1916 Douglas Fairbanks starred in a comedy about a cocaine addict called *The Mystery Of The Leaping Fish*. Fairbanks's character was called Coke Ennyday *(sic)* and he took fixes as often as a modern character would take a drink.

But the book's most valuable chapter is that on "The Foreigners." It outlines how slowly, and how reluctantly, America became the melting-pot society we celebrate today; and how the cinema itself, an industry almost wholly fashioned by immigrants, thrived on creating tales of racial and ethnic discord. If America is a more harmonised society today, it owes some of that result to the cinema's ability to use popular stories to exercise and exorcise popular grievances: not as the stuff of social protest or propaganda, but as the raw material of entertainment.

Nigel Andrews

Chess No 877
1... Nxg3! 2 Kxg3 Qh4+ 3 Kh2 Qf2 4 Resigns. Bxg2 mate is a decisive threat.

Radio

Alternative endings

WHAT IF...? (Radio 4, Wednesdays) sounds light-hearted, but isn't. These programmes, presented by Dr Christopher Andrew, go seriously into the possible results of alternate endings to important affairs. This week, Admiral Sir John ("Sandy") Woodward and Simon Jenkins, editor of *The Times*, consider a theoretical defeat in the Falklands. We had 34 Harriers with no land base against the Argentines' over 200 fighters. Sinking HMS Hermes would have virtually given them victory.

We should have had to retire to the Ascension Islands. The Government would lose a vote of confidence; there would be an angry meeting of the 1922 Committee; Sir Geoffrey Howe or Francis Pym would become Prime Minister. An election might produce a hung parliament, with powers for David Steele or Geoffrey Owen. The US would lose confidence in us, the Warsaw Pact would gain confidence in itself. One lucky Exocet could have done all this. Next week, Conor Cruise O'Brien will discuss the Boundary Commissions' failure to partition Northern Ireland between Protestants and Catholics, and the following week Enoch Powell imagines not being sacked from the Heath Cabinet in 1968. Don't miss these.

Radio drama directors don't get famous like Peter Hall. Probably few listeners have much idea what they do. But Alfred Bradley, who died lately, was a director eminent enough for Radio 3 handsomely to commemorate him with repeats of three of his productions, of contrasting characters.

First, on Sunday, was John Arden's *Pearl*, originally heard in 1978. "It was broadcast as I had written it – no, *imagined* it," Arden said in an introduction. It is a complex tale, set just before the English Civil War (Shakespeare's *Julius Caesar* was "40 years old"). Pearl (Elizabeth Bell), half American Indian, is an agent of a dispossessed O'Neill in Ireland. Stage-struck, she works with Backhouse (David Calder), a famous English playwright, in a play about Ahasuerus and Haman, to be presented by Lord Grimscar on the urging of his mistress, Countess Belladonna (who sides with O'Neill). This will be against the King's oppression of Parliament – but unauthorised changes are made, and whatever its message, it is deleted when the sinister set-designer Catso stabs leading player Pearl – yes, a woman actor in 1640. Revolution is in the air.

Such complexities of plot (and I haven't told the half of it) call for a typical Arden script. I think there is too much detail about secondary matters, but Bradley keeps the adventures moving as vigorously as Arden "imagined".

On Tuesday, Norman Smithson's *It Never Rained in Them Days* (first heard in 1964) was utterly different, a still life of working-class people on their annual seven days holiday. Tom, though dead, still talks against war from beyond the grave, and his widow (Violet Carson, whom we knew better as Ena Sharples), recalls how it was always fine in the old times. Her seaside landlady at is against war too; in 1964 war was still fresh in many people's minds. She is also against the Royal Family.

We hear too about Mary Jane, but never meet her, and there are bits from the acts of a pierrot and a comedian.

It is all ordinary chat, with a little inclination to the left – though Tom, "always a good Labour man", gave his last vote to the Tories. A Labour lead in the local poll would not mean much, for these voters are, in the nicest way, nobodies. When the narrator has it, the talk may blossom into a kind of rough poetry. I could feel from the direction what Arden recalled, Bradley's consideration for the players. I remember Alfred, as many do, with admiration and affection.

More important nobodies are *Mr and Mrs Nobody*, extracted from the Grossmiths' *Diary of a Nobody* by Keith Waterhouse. The Pooters still live in Holloway, they are still visited by Gowing and Cumming, but now they *both* keep diaries. As they were played for the World Service on Sunday by Michael Williams and Dame Judi Dench, who have done them in the theatre, the world was admirably served.

B.A. Young

TELEVISION

SATURDAY

BBC1

6.40 Open University. 7.30 Pinocchio. 7.50 Kissyfur. 8.15 The 8.15 from Manchester. 10.40 Trooping the Colour. David Dimbleby describes the scene as the Queen takes the salute on the occasion of her official birthday.

12.12 Weather.

12.15 Grandstand. Introduced by Helen Rollason. 12.20 Cycling. The National Dairy Council Milk Race. Hugh Porter offers comments on the battle for supremacy which involves sprinting ability, stamina and consistency. 1.00 News. 1.05 Cycling. Continued coverage. 1.25 Tennis. The Stella Artois Championships. Live coverage of the first semi-final from the Queen's Club, London. 4.00 Show Jumping. The Royal International Horse Show from the NEC, Birmingham. The Midland Bank Championship for the King George V Gold Cup. Raymond Brooks-Ward and Stephen Hadley are the commentators. 4.40 Golf. Highlights of the US Open from Minnesota.

5.05 News and Weather.

5.15 Regional News and Sport.

5.20 The Flying Doctors.

6.05 That's Showbusiness. Gloria Hunniford's team is Don Henderson and Geoffrey Durham, while Kenny Everett is joined by Diane Keen and Helen Shapiro.

6.35 You Gotta be Jokin'! Last in series.

7.05 Columbo starring Peter Falk with Martin Milner. Directed by Steven Spielberg.

8.20 One Foot in the Grave. Retired grumbler Victor Meldrew finds himself a new hobby. But painting nude women doesn't meet with his wife's approval. Comedy with Richard Wilson and Annette Crosbie.

8.50 News and Sport; Weather.

9.10 Casualty. Beth disagrees with Chapman's harsh attitude to a young drug addict, feeling that the problem is an illness.

10.00 Paramount City.

10.40 Film: The Dirty Dozen. Twelve convicts are recruited for a commando suicide mission during World War Two. An all-star cast includes Lee Marvin, Donald Sutherland, Telly Savalas, Ernest Borgnine and Charles Bronson (1967).

1.05 Weather.

1.10 Close.

BBC2

6.50 Open University.

3.35 Mahabharat. (English subtitles).

4.15 Drawing the Line.

4.45 International Tennis. Stella Artois Championships. Barry Davies introduces further live coverage of this afternoon's semi-finals from the Queen's Club, London.

5.50 Trooping the Colour. Highlights of this morning's military spectacle with The Queen taking the salute on the occasion of her official birthday. David Dimbleby describes the scene at the Horse Guards Parade, with over 1,000 Guardsmen and Officers of the Household Division parading before their Sovereign and Colonel-in-Chief.

7.05 News and Sport; Weather.

7.20 Our War. Iranian film-maker Khosrow Sinai offers a touching view of the Iraqi refugees now being helped by the Iranians, the very people who, three years ago, were regarded as the enemy. Last in series.

7.50 Dancemakers. The series ends with a radical and fascinating reworking of the classic 19th century ballet Tchaikovsky's Swan Lake, with choreography by the Swede, Mats Ek. Introduced by Judith Mackrell.

9.40 Golf. Steve Rider introduces live coverage of the third round of the US Open from Hazeltine Golf Club, Chaska, Minnesota.

11.10 Twin Peaks.

12.00 Film: Don't Look Back. A candid documentary in black and white of Bob Dylan's 1965 tour of England with appearances by Joan Baez, beat guru Allan Ginsberg, Donovan, Albert Grossman and Alan Price (1967).

1.40 Close.

LWT

6.00 TV-am. 9.25 Ghost Train. 11.30 The ITV Chart Show. 12.30 pm World Sport Special.

1.00 ITN News at One; Weather.

1.05 LWT News; Weather.

1.10 The Day.

1.15 Golf - PGA Tour 91. Senior Players Championship. Jack Nicklaus returns to defend his title.

2.15 Matlock.

3.10 Film: Fathom. Glamorous sky-diving spy Raquel Welch gets involved with good guy Tony Franciosa in this pacy adventure (1967).

5.00 ITN News; Weather.

5.05 LWT News; Weather.

5.15 MacGyver. While holidaying on the slopes, MacGyver and Peter Thornton become the targets of a mob hit squad. Starring Richard Dean Anderson and Dana Elcar.

6.15 Bob's Your Uncle.

7.00 Stars in Their Eyes. Leslie Crowther introduces five talented star lookalikes who will be transformed into some of the biggest names in showbusiness.

7.30 Duty Free. Last in the comedy series starring Keith Barron, Gwen Taylor and Joanne Van Gyseghem.

8.00 Agatha Christie's Poirot. The famous Belgian detective is on a Mediterranean cruise — but it looks as though he won't be on holiday for long! Starring David Suchet and Hugh Fraser as Capt Hastings.

9.00 ITN News and Sport; Weather.

9.15 LWT Weather.

9.20 Film: That Secret Sunday. Movie premiere. Two reporters investigate an attempt to cover up the deaths of two young women. Starring James Farentino and Parker Stevenson (TVM 1986).

11.05 Metro. Robbie Coltrane discusses his new film, The Pope Must Die, with Ian Dury. Among the studio guests is guitarist Buddy Guy and Arabella Weir reports from the Hayward Gallery where Richard Long, a sculptor in natural materials, has a major exhibition. Last in the present series.

11.40 Spitting Back. Memorable sketches from 1989.

12.10 1991 World Music Awards ; ITN News Headlines.

1.40 Bhangra Beat.

2.10 Tour Du Pont.

3.10 Film: Account Rendered starring Griffith Jones.

4.15 The Hit Man and Her

CHANNEL4

6.00 Early Morning. 9.25 Sing and Swing. 9.30 Listening Eye. 10.00 Short Stories. 10.30 Wagon Train. 11.30 World League of American Football. 12.30 pm The Munsters.

1.00 Four-Mations: Creative Process. A new documentary on the late Norman McLaren, founder of the renowned Canadian school of animation.

2.00 Four-Mations: Stars and Stripes/ Begone Dull Care. Two Norman McLaren abstracts, hand-painted on film. The first uses De Sousa's march, the second an Oscar Peterson sonata.

2.15 Four-Mations: The Man Who Moved the Beatles. A presentation of George Dunning's short, personal films, set into a series of illuminating interviews.

3.00 Channel 4 Racing from York including the 3.15 Daniel Prenn Royal Yorkshire Stakes, 3.45 William Hill Trophy (H'cap), 4.15 Queen Mother's Cup, 4.45 Michael Sobell Handicap, and Sandown featuring the 3.30 Baker Lorenz Summer Stakes (H'cap), 4.00 Baker Lorenz Silver Gavel Stakes (H'cap), and 4.30 Baker Lorenz Stakes (H'cap).

5.05 Brookside; News Summary and Weather.

6.30 Right to Reply.

7.00 Sound Stuff. Recognition. The Reggae Philharmonic Orchestra bring their own particular blend of music to the island of Jamaica.

8.00 Kingdoms of the East. Tiger Tiger. Filmed in Northern India and Nepal, Dieter Plage and Mike Price capture the dramatic story of the tiger and its changing fortunes.

9.00 thirtysomething.

10.00 Four-Mations: Norstein/McLaren Shorts. Featuring Russian director Yuri Norstein, widely thought to be the world's greatest living animator. Battle of Kerzhenets and The Heron and the Crane are two of his short films. Plus Canadian Norman McLaren's Hen Hop.

10.30 Film: The Music Room. The story of an elderly aristocrat, slowly dying amid the crumbling splendours of the past. Satyajit Ray's fourth film (1958)(English subtitles).

12.20 On the Other Hand.

1.20 Australian Rules Football.

2.15 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Motorsport Specials. 1.05 Anglia News. 1.10 Windsurf. 1.40 Brand New Life. 2.35 Seven Days in June - The Isle of Man TT. 3.35 McCloud. 5.05 Anglia News, Sport. 5.15 The A-Team. 11.05 Spitting Back. 11.35 1991 World Music Awards.

BORDER: 12.30 The Munsters Today. 1.05 Border News 1.10 The Silk Road. 2.10 The Life and Times of Grizzly Adams. 3.05 Follow a Star. 5.05 Border News. 5.15 The A-Team. 11.10 Spitting Back. 11.40 1991 World Music Awards.

CENTRAL: 12.30 Australian Candid Camera. 1.05 Central News 1.10 World Sport Special. 1.40 Where the Bullets Fly. 3.20 At the Earth's Core. 5.05 Central News. 5.15 The A-Team. 11.10 Spitting Back. 11.40 Shamus.

CHANNEL: 12.30 Australian Candid Camera. 1.05 Diary Dates. 1.10 Windsurf! 1.40 Soccer in the 70s. 2.10 The Life and Times of Grizzly Adams. 3.05 Cartoon. 3.10 McCloud. 4.35 The Spectacular World of Guinness Records. 5.05 Channel News. 5.15 The A-Team. 11.10 Spitting Back. 11.40 1991 World Music Awards.

GRAMPIAN: 12.30 This is America Charlie Brown. 1.05 Grampian Headlines 1.10 Sealll 1.40 Crann Tara. 2.10 Coronation Street. 3.05 Red Skies of Montana. 5.05 Grampian News. 5.10 Criomagan. 5.15 The A-Team. 11.10 Spitting Back. 11.40 1991 World Music Awards.

GRANADA: 12.30 Express! 1.05 Granada News. 1.10 Hard Time on Planet Earth. 2.05 Just for the Record. 2.35 Seven Days in June - The 1991 Isle of Man TT. 3.30 McCloud. 5.05 Granada News. 5.15 The A-Team.

HTV: 12.30 The Spectacular World of Guinness Records. 1.10 World Sport Special. 1.40 The Gilded Cage. 3.00 World Cup Yacht Racing. 4.00 German Touring Car Championships. 5.05 HTV News. 5.15 The A-Team. 11.40 Witness to Survival.

SCOTTISH: 12.30 The Spectacular World of Guinness Records. 1.05 Scotland Today. 1.10 Sealll 1.40 Wonderful World of Disney. 2.40 The Munsters Today. 3.10 The Girl, The Gold Watch and Everything. 5.05 Scotland Today. 5.15 The A-Team. 11.40 1991 World Music Awards.

TSW: 12.30 The South West Week. 1.05 TSW News. 1.10 Windsurf! 1.40 1991 Isle of Man TT. 2.40 River Beat. 4.00 Horse Trials. 5.05 TSW News and Sport. 5.10 Gus Honeybun's Magic Birthdays. 11.10 Spitting Back. 11.40 1991 World Music Awards.

TVS: 12.30 Australian Candid Camera. 1.05 TVS News. 1.10 Windsurf! 1.40 Soccer in the 70s. 2.10 The Life and Times of Grizzly Adams. 3.05 Cartoon. 3.10 McCloud. 4.35 The Spectacular World of Guinness Records. 5.05 TVS News. 5.15 The A-Team. 11.10 Spitting Back. 11.40 1991 World Music Awards.

YORKSHIRE: 12.30 Katts and Dog. 1.05 Calendar News. 1.10 McCloud. 2.35 The Spectacular World of Guinness Records. 3.00 King Solomon's Treasure. 4.40 Cartoon. 5.05 Calendar News.

SUNDAY

BBC1

6.45 Open University. 8.50 Interval. 8.55 Playdays. 9.15 Movable Feasts. 9.30 This is the Day. 10.00 A Certain Age. 10.50 Step Up to Wordpower. 11.15 Advice Shop. 11.40 Bazaar.

12.05 See Hear! Joy Hardwick was a teacher in London until she heard of the plight of the orphaned children in Romania, and decided to volunteer her services to the Romanian Angels Appeal.

12.30 Country File. John Craven investigates the illegal and increasingly violent sport of hare coursing.

12.55 Weather for Farmers.

1.00 News; On the Record. Political discussion and debate with Jonathan Dimbleby.

2.00 EastEnders.

3.00 Dallas.

3.45 Film: The Sins of Rachel Cade. While a war rages in Europe, missionary nurse Rachel Cade faces different battles in the Belgian Congo — conflicts concerning faith, love and guilt. Starring Angie Dickinson and Peter Finch (1961).

5.40 Goldilocks and the Three Bears.

5.55 Masterchef. Contestants from Lancashire don their aprons to compete for a place in the semi-finals. Guest judges are Angela Rippon, and Eugene McCoy.

6.25 News and Weather.

6.40 Praise Be! Thora Hird takes a trip down memory lane with Last of the Summer Wine actress Kathy Staff.

7.15 Butterflies.

7.45 Cry Freedom. Richard Attenborough's epic film about South African activist Stephen Biko and his friendship with newspaper editor Donald Woods. Starring Kevin Kline and Denzel Washington. Concluded next Sunday.

9.15 News and Weather.

9.30 That's Life!

10.10 Heart of the Matter. New series. A dentist in Florida has been found to have infected three of his patients with the HIV virus. Joan Bakewell examines the first documented case of a health worker infecting his patients.

10.45 The Days and Nights of Molly Dodd.

11.10 Making their Mark. Examining the work of Sir Hugh Casson, who describes his profession as being 'a visual journalist'.

11.40 Mahabharat. (English subtitles).

12.20 Weather.

12.25 Close.

BBC2

8.35 The Open University. 12.00 Around Westminster. 12.30 pm Scrutiny. 1.00 Open University.

1.25 Sunday Grandstand Introduced by Bob Wilson, including 1.30 Motor Cycling: The ACU Shell Supercup British Championship from Brands Hatch. 2.10 Tennis: The Stella Artois Championships from Queen's Club, London. Live coverage of the Men's Singles Final, with commentary by Dan Maskell, Mark Cox and John Barrett. 4.30 Motor Cycling: Further coverage from Brands Hatch. 5.30: The Royal International Horse Show from the Birmingham NEC.

6.35 The Money Programme. Philip Birch of Ward White, John Ashcroft of Coloroll and George Davies of Next — the first business superstars to fall in the late 1980s — speak for the first time about their experiences. The programme investigates whether these men are simply high-fliers who have been grounded by a particularly grim recession or whether their managerial style significantly contributed to the downfall of their companies. Last in the series.

7.15 Great Journeys. Writer Miles Kington travels along the Burma Road, the tortuous mountain route which is now the artery of a thriving Burmese black market.

8.15 Relative Values. The Last Picture Show. Focusing on museums the world over. Are they temples of spiritual enrichment or just upmarket theme parks?

9.05 Tinker, Tailor, Soldier, Spy. George Smiley's search for the mole at the heart of the Circus is finally at an end. Starring Alec Guinness.

9.50 Golf. Live coverage of the US Open 1991 from the Hazeltine Golf Club, Chaska, Minnesota. Introduced by Steve Rider.

11.50 Mexican Grand Prix. Highlights from Mexico City with commentary by Murray Walker and James Hunt. Ayrton Senna is aiming for his fifth successive victory in this year's championship.

12.30 Def II: Dance Energy.

1.10 Close.

LWT

6.00 TV-am. 9.25 Disney's Rock 'n' Roll Mom - Part Two. 10.20 The Littlest Hobo. 10.45 Link. 11.00 Morning Worship. 12.00 Working Miracles. 12.30 pm LWT News Weekend.

1.00 ITN News; Weather.

1.10 International Rugby Union. New Zealand continue their build-up to the World Cup in October with a match against the Soviet Union at Hamilton; The Day.

2.10 Film: Escape from the Dark. Three children in England at the turn of the century struggle to save pit ponies from the slaughterhouse. Starring Alastair Sim, Peter Barkworth and Maurice Colbourne (1976).

4.05 Film: The Ship That Died of Shame. The enterprising crew of a British gunboat team up after World War Two and use the victorious vessel for less honourable ends. Starring Richard Attenborough and George Baker (1955).

5.40 Cartoon Time.

6.00 Bullseye with Jim Bowen.

6.30 ITN News; Weather.

6.35 LWT News; Weather.

6.40 A Day Out with Dana. In Snowdonia, where Dana meets members of the Christian Mountain Centre.

7.15 The Help Squad.

7.50 You've Been Framed!

8.20 The Real Charlotte. New series. Period drama, set in Ireland in the late 1800s, following the trials of an irresistibly pretty girl, Francie Fitzpatrick, and her older, plainer cousin, Charlotte. Starring Joanna Roth and Jeananne Crowley.

9.50 ITN News; Weather.

10.10 Dame Edna's Golden Rose. An invitation to Switzerland to see for the second time the show which won the Golden Rose of Montreux.

11.00 Summer on the Estate. Focusing on the neglected pensioners living, half-forgotten, in a row of one-room bungalow flats on Hackney's Kingshold Estate, where one pensioner was recently discovered in his flat almost three weeks after his death; The Day.

11.45 The ITV Chart Show. ITN News Headlines.

12.45 New Music.

1.45 Derrick; ITN News Headlines.

2.55 Pick of the Week.

3.25 Film: Tex and the Lord of the Deep. Starring Giuliano Gemma and Carlo Mucari (1985).

5.10 The Magic Wok.

CHANNEL 4

6.00 Early Morning. 9.25 Malgudi Days.(English subtitles). 10.00 A Week in Politics - Second Reading. 10.45 Dennis. 11.00 The Beverly Hillbillies. 11.30 The Lone Ranger. 12.00 The Waltons.

1.00 Voyage to the Bottom of the Sea.

2.00 Film: Four-Mations: Yellow Submarine. The film based on songs by the Beatles (1968).

3.35 Four-Mations: The Vixen and the Hare, and The Hedgehog in the Fog. Yuri Norstein's animated fables.

4.00 Without Walls: For Love or Money. New series. Nicholas Ward-Jackson presents a guide to the bargains that are available in the art and antique market, and points out some of the more dubious tricks of the trade that can fool all but the most discerning expert.

4.30 Pursuit of Power. With Labour MP Frank Field.

4.55 News Summary and Weather.

5.05 Pay Day. Labourer Charlie Chaplin is so slovenly with his shovel that his foreman sends him to work on the scaffolding, where he shows a great talent for bricklaying.

5.30 Profiles of Nature. The Cougar. First in a series of Canadian documentaries featuring in-depth studies of wildlife.

6.00 Kabaddi.

6.30 The Wonder Years.

7.00 Fragile Earth. Shrimp Fever. The growing appetite for shrimps in the USA has resulted in a boom in farming these prize crustaceans in Ecuador, but the wildlife and ecology of the region have suffered disastrous consequences.

8.00 Hard News.

8.30 40 Something. Men and women from both Britain and America tell of their different experiences of the mid-life crisis.

9.30 Go Fishing. John Wilson, with the help of his Indian guide, takes to the waters of Lake Nueltin in Canada in search of lake trout and pike.

10.00 GBH. The conflict between Michael Murray and Jim Nelson continues, destroying the seasonal goodwill of Christmas.

11.35 Four-Mations: The Tale of Tales. Norstein's animated journey through memories of a war-time childhood.

12.15 Hollywood Legends: Natalie Wood.

1.15 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Farming Diary. 2.05 Members Only. 2.30 The River Thames. 3.00 Charade. 5.05 Hard Time on Planet Earth. 6.00 Heirloom. 6.35 Anglia News. 11.00 Outland.

BORDER: 12.30 Gardening Time. 12.55 Border News. 2.05 Girls at Sea. (1958) 3.35 McCloud: Who Killed Miss USA? 5.00 Highway to Heaven. 6.00 The River Thames. 6.35 Border News. 11.55 Alfred Hitchcock Presents.

CENTRAL: 12.30 Gardening Time. 12.55 Central News 1.10 International Rugby Union. 2.05 International Sportsworld. 3.05 The Secret Life of Walter Mitty. (1947) 5.05 Hard Time on Planet Earth. 6.00 The Munsters Today. 6.35 Central News 11.00 Father Dear Father. (1973)

CHANNEL: 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Journal. 2.05 Horse Trials. 3.05 Father Came Too. (1963) 4.45 Cartoon Time. 5.00 My Secret Identity. 5.30 Heirloom. 6.00 Tell the Truth. 6.35 Channel News. 11.00 The Human Factor. 11.30 Up the Junction.

GRAMPIAN: 12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. 2.05 McCloud. 3.00 The Silk Road. 4.00 Horse Trials. 5.00 Windsurf! 5.30 Eikon. 6.00 Green Fingers. 6.35 Grampian News Headlines. 11.00 Prisoner: Cell Block H. 11.55 The Munsters Today.

GRANADA: 12.30 Wild in the City. 2.05 Santa Barbara. 3.00 The Red Flag. (1981) 4.50 Cartoon Time. 5.05 Bullseye. 5.35 Coronation Street. 6.35 Granada News. 11.00 Prisoner: Cell Block H. 11.55 Married - With Children.

HTV: 12.30 West Country Farming. 12.53 Weather for Farmers.

HTV Wales as HTV except: 12.30 Survival - The First 30 Years.

SCOTTISH: 10.20 Glen Michael's Cartoon Cavalcade. 12.30 Eikon. 12.55 Scotland Today. 2.05 Way of the Lakes. 2.35 Leithers. 3.35 The 1991 Grundig UK Mountain Bike Challenge Cup. 4.35 NB Bands. 5.05 Wealth of Nations. 6.00 Scotland's War. 6.35 Scotland Today. 11.00 Going Public.

TSW: 12.30 TSW Farming Week.

TVS: 12.30 TVS News. 12.33 Agenda 1.10 International Rugby Union. 2.05 Horse Trials. 3.05 Father Came Too. (1963) 4.45 Cartoon Time. 5.00 My Secret Identity. 5.30 Heirloom. 6.00 Tell the Truth. 6.35 TVS News and Weather. 11.00 The Human Factor. 11.30 Up the Junction.

TYNE TEES: 12.25 Jack Thompson Down Under. 12.55 Regional News. 2.05 Happy Birthday, Beamish. 3.05 Highway to Heaven. 4.05 Happy Birthday, Beamish. 5.05 Bullseye. 5.35 Coronation Street. 6.35 Regional News. 11.00 Prisoner: Cell Block H. 11.55 Hooperman.

ULSTER: 12.30 Gardening Time. 12.55 Ulster Newstime 2.05 Five From Home. 3.00 The Deep Six. (1958) 5.05 Bullseye. 5.35 Coronation Street. 6.35 Ulster News 11.00 Prisoner: Cell Block H. 11.58 Ulster Newstime

YORKSHIRE: 12.25 Heidi in the Mountains.

RADIO

SATURDAY

BBC RADIO 2
6.00 Graham Knight. 7.45 Dear Radio 2. 8.05 Russ Conway. 9.00 Brian Matthew. 10.00 Anne Robinson. 12.00 Gerald Harper. 1.30 Jimmy's Cricket Team. 2.00 Encore. 3.00 Country Greats in Concert.
4.00 The John Dunn Interviews. 4.30 Music While You Work. 5.00 Cinema 2. 5.30 The Law Game. 6.00 Hanelmania! 7.00 Pop Score. 7.30 BBC Concert Orchestra. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 Brian Matthew. 12.30 Night Ride. 3.00 A Little Night Music. 4.00 David Allan.

BBC RADIO 3
7.00 Morning Concert.
8.30 News.
8.35 BBC Philharmonic.
9.30 Saturday Review.
12.55 Words.
1.00 News.
1.05 BBC Lunchtime Concert.
2.05 Prokofiev Festival.
3.30 Youthful Schubert.
4.00 Tuning Up.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 Marais and Forqueray.
7.15 Le Nozze di Figaro.
10.30 Issues.
10.50 Brazilian Piano Music.
11.30 L'Espagnole.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News and Weather.
6.10 Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
10.55 (FM) Trooping the Colour.
11.00 (LW) The Week in Westminster.
11.30 (LW) Europhile.
12.00 (LW) Money Box.
12.15 (FM) First Person.
12.25 The Marx Brothers' Flywheel, Shyster and Flywheel.
12.55 Weather.
1.00 News.
1.10 Any Questions?
2.00 Any Answers?
2.30 Saturday Playhouse.
4.00 In the Country.
4.30 Science Now.
5.00 Writers Revealed.
5.25 Week Ending.
5.55 Weather.
6.00 News; Sports Round-up.
6.25 Citizens.
7.10 Ad Lib.
7.45 Classic Serial.
8.45 Kaleidoscope.
9.15 Music in Mind.
9.59 Ten to Ten.
9.59 Weather.
10.00 News.
10.15 Open Mind.
10.45 Truth to Tell.
11.00 Richard Baker Compares Notes.
11.30 Parodies Lost.
12.00 News and Weather; Interlude.
12.44 Close.

BBC RADIO 5
6.00 World News and 24 Hours.
6.30 Morning Edition.
9.00 On Your Marks.
12.00 News and Sport; Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport On 5.
6.00 As Radio 4.
7.10 Cricket Scoreboard.
7.15 Talking Poetry.
7.45 As Radio 4.
10.00 Sport.
10.15 As Radio 4.
11.00 Sport.
11.15 Fanshawe on Five.
12.00 News and Sport.
12.15 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Meridian. 7.00 World News. 7.09 Twenty Four Hours. 7.30 From the Weeklies. 7.45 Mastersingers. 8.00 World News. 8.09 Words of Faith. 8.15 A Jolly Good Show. 9.00 World News.
9.05 Waveguide. 9.15 Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Here's Humph. 10.15 Letter from America. 10.30 People and Politics. 11.00 Newsdesk. 11.30 Meridian.
12.00 World News. 12.09 News About Britain. 12.15 Multitrack 3. 12.45 Sports Round-up. 1.00 Newshour. 2.00 News Summary; Sportsworld. 3.00 World News.
3.15 Sportsworld contd. 4.00 World News. 4.09 News About Britain. 4.15 Sportsworld contd. 5.00 News Summary; Personal View. 5.15 John Peel. 5.45 Sports Round-up.
6.00 Newsdesk. 6.30 From Our Own Correspondent. 6.50 Write On. 7.00 News Summary; Opera of the Week.
7.45 From the Weeklies. 8.00 World News. 8.09 Personal View. 8.25 Words of Faith. 8.30 Meridian. 9.00 Newshour. 10.00 World News. 10.05 Short Story. 10.20 Jazz for the Asking. 10.50 Sports Roundup.
11.00 World News. 11.05 Words of Faith. 11.10 Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary; Play Of The Week: Terra Nova. 2.00 Newsdesk. 2.30 James Joyce.
3.00 World News. 3.09 News About Britain. 3.15 Recording of the Week. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 Newsdesk. 4.30 Pop Into The Movies. 4.45 The Learning World.

SUNDAY

BBC RADIO 2
6.00 Graham Knight. 7.30 Don MacLean. 8.05 Melodies for You. 11.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell with Sounds Easy. 4.00 Chris Stuart Classic. 5.00 Charlie Chester. 7.00 Radio 2 Young Musician of the Year. 7.30 Stuart Burrows Sings. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Radio 2 Arts Programme. 12.05 Bob Sinfield. 1.00 Geoff Oxley with Night Ride. 3.00 A Little Night Music. 4.00 Charles Nove with the Early Show.

BBC RADIO 3
6.55 Weather;News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 Ayres for Theatre.
9.15 Dennis Brain (horn).
10.15 Music Weekly.
11.00 Views from the BBC Archives.
12.30 The Piano and Wind Quintet in E Flat.
2.00 Don Giovanni: A Singer's View.
2.45 Mozart On Period Instruments.
4.00 The Concert Aria.
4.45 The Impresario.
5.15 A Conductor's View.
6.15 Mozart and the Church Today.
7.00 Alfred Brendel Plays Mozart.
9.00 Ludmilla Andrew and Phillip Thomas.
9.55 Sunday Play.
11.30 BBC SSO.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News and Weather.
6.10 Prelude.
6.30 Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 The Week's Good Cause.
8.55 Weather.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
12.55 Weather.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.15 Life with Lederer.
3.30 The Radio Programme.
4.00 Analysis.
4.47 Rich Pickings.
5.00 Coastline.
5.40 Great Lift Journeys.
5.55 Weather.
6.00 News; Sports Round-up.
6.15 The Village.
6.30 Europhile.
7.00 The Root of the Matter.
7.30 Bookshelf.
8.00 The Scarman Report.
9.00 Treasure Islands.
9.15 The Natural History Programme.
9.59 Weather.
10.00 News.
10.15 Manna to Microwave.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News and Weather; Interlude.
12.33 Shipping Forecast.
12.44 Close.

BBC RADIO 5
6.00 World News and 24 Hours.
6.30 Meridian Reports.
7.00 Newsdesk.
7.30 Sunday Edition.
8.00 This Family Business.
10.30 Education Matters.
11.00 News and Sport.
11.02 Festivals of Britain.
11.30 When in France.
12.00 News and Sport.
12.03 Open University.
2.00 Sunday Sport.
7.20 Open University.
9.00 Soundprint.
9.30 Dragnet.
10.00 News and Sport.
10.10 Across the Line.
12.00 News and Sport.
12.07 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Jazz for the Asking. 7.00 World News. 7.09 Twenty Four Hours. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 World News. 8.09 Words of Faith. 8.15 Music with Matthew. 9.00 World News. 9.05 World Business Review. 9.15 Short Story. 9.30 Pop Into The Movies. 9.45 Sports Roundup. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk.
11.30 The Ken Bruce Show. 12.00 News Summary; Play of the Week: Terra Nova. 1.00 Newshour. 2.00 News Summary; Antarctica. 2.30 Anything Goes. 3.00 World News. 3.15 Concert Hall. 4.00 World News.
4.09 News About Britain. 4.15 James Joyce. 4.45 Letter from America. 5.00 World News. 5.05 World Business Review. 5.15 In Praise of God. 5.45 Sports Roundup. 6.00 Newsdesk. 6.30 The Ken Bruce Show.
7.00 News Summary; Play of the Week: Terra Nova. 8.00 World News. 8.09 Jazz Now and Then. 8.25 Words of Faith. 8.30 Brain of Britain. 9.00 Newshour. 10.00 World News. 10.05 Music with Matthew. 10.50 Sports Roundup.
11.00 World News. 11.05 World Business Review. 11.15 Letter from America. 11.30 Antarctica. 12.00 Newsdesk. 12.30 In Praise of God. 1.00 News Summary; Opera of the Week. 1.45 Mastersingers. 2.00 Newsdesk. 2.30 Composer of the Month. 3.00 World News. 3.09 News about Britain; 3.15a. 3.30 Anything Goes. 4.00 Newsdesk. 4.30 Off the Shelf. 4.45 Andy Kershaw's World Of Music.

CHESS

RAPID OR quickplay chess is a faster version of the classical model, the equivalent of one-day cricket or tennis tie-breaks. It enables a tournament to be completed in a single day with civilised start and finish times, using a format of five or six rounds each lasting a maximum one hour.

Each board has a chess clock alongside it, set to half an hour for each player for the game. Chess clocks have a double face with a lever or button at each side enabling a competitor to stop his/her clock and start the opponent's in one hand movement. The same hand that moves the piece must tap the clock. Illegal moves lose the game, and you can win by "capturing" a king left in check.

It is each player's responsibility, rather than the controller's, to claim a time win, so that if one side's clock flag falls and the opponent fails to notice before his own flagfall, then the game is a draw.

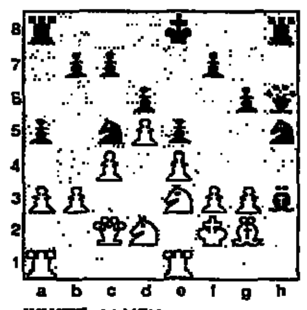
The rapid chess rule that you can win on time with mating material as little as a king and pawn affects strategy. A player with a won position but with his flag close to falling may elect to capture his opponent's few remaining men rather than go for mate.

Rapid games can be of high quality. They sharpen sight of the board and chess reflexes, and are enjoyable so long as you are reconciled to the occasional blunder.

Next month's open-to-all NatWest British Rapid Championship at Leeds (details from 0532-697269) is a chance to take on the nation's experts, and there are special contests for weaker players. The British Chess Federation (0424-442500) can tell you about one-day opens held in many areas, where newcomers are welcome.

CHESS No 877

BLACK 14 MEN



WHITE 14 MEN

Guy West (Australia) v Lembit Oll (Estonia/USSR), Sydney 1991. Material is level, but White's king looks vulnerable. How did Black (to play) take advantage?

Solution Page XVIII

Leonard Barden

BRIDGE

RUBBER BRIDGE provides this interesting slam hand. Let us study Good Shepherd:

	N ♠ Q J 9 6 3 ♥ A 9 7 4 ♦ 5 ♣ Q J 8	
W ♠ K 10 8 7 2 ♥ Q J 6 3 ♦ 7 3 ♣ 5 2		**E** ♠ A 4 ♥ K 10 5 2 ♦ Q 10 9 8 4 ♣ 4 3
	S ♠ 5 ♥ 8 ♦ A K J 6 2 ♣ A K 10 9 7 6	

With both sides vulnerable South dealt, and opened the bidding with one club, to which North replied with one spade, and South made a forcing rebid of three diamonds. North said three hearts, an advance cue-bid, and after his partner's bid of four diamonds he closed the auction with a jump to six clubs.

West opened with the two of clubs, and the declarer won with dummy's eight. When holding a two-suiter, the expert's first concern is his side suit. Cashing ace of hearts, South ruffed a heart in hand, and ruffed a diamond with the club knave, ruffed another heart in hand, and another diamond with dummy's last trump. On this trick West discarded a spade. Ruffing dummy's last heart with the 10 of clubs, the declarer reached a five-card end – position, in which East held the A 4 of spades, and Q 10 9 of diamonds, dummy had his five spades, and he himself had the five of spades, K J of diamonds, and A K of clubs.

He cashed his club ace, East discarded the nine of diamonds, and on the king, which followed, he jettisoned his ace of spades. If he retains it, he is thrown in with a spade, and forced to lead into the declarer's diamond tenace.

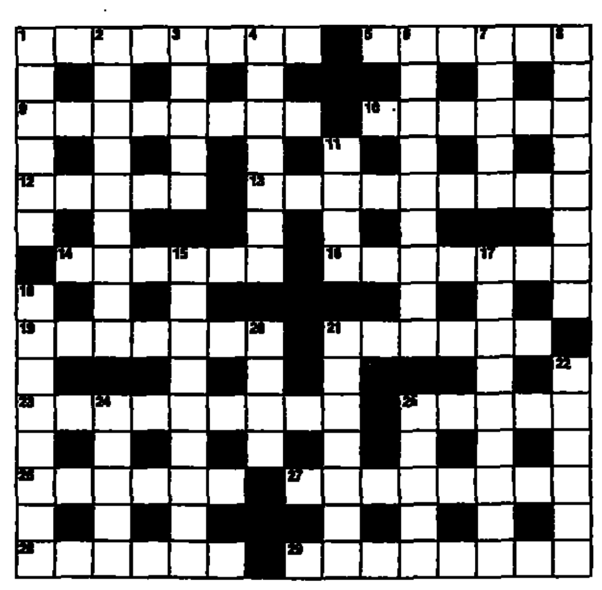
Now the spotlight was on West. The four of spades was led, and West could score his king at some stage, but dummy would make two spade tricks to fulfil the contract. That is what declarer play is all about.

E.P.C Cotter

CROSSWORD

No. 7,569 Set by DINMUTZ

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday June 26, marked Crossword 7,569 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday June 29.



Name...

Address...

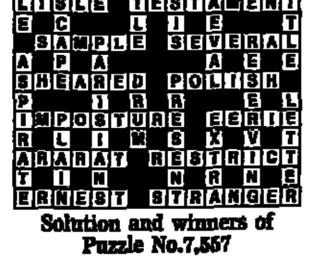
ACROSS

1 Class of jazz-fan, for example, going by Circle Line (8)
5 Scratched, having got runs (6)
9 Village sports-event to destroy people? (4-4)
10 Claws piles of cards left after deal (6)
12 Verdant meadow with ferny borders (5)
13 Perhaps at thrilly stage in final set? (6-3)
14 Morning examination without principals, say (6)
16 Rowley's sigh of resignation? (5-2)
19 Bald patch – fashion certain to follow! (7)
21 Pledges from Cornish listeners? (6)
23 Dip-angles worked out in court statements (9)
25 The French call odds short (5)
26 Elected, go off one by one (2,4)
27 Melancholy odes, perhaps – modern? (8)
28 Understands Greek Ophidia (6)
29 English leather-work can be heavenly (8)

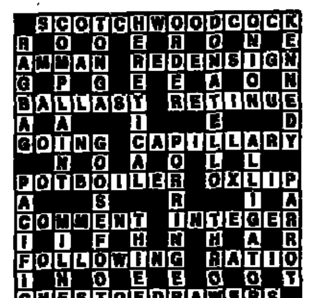
DOWN

1 Keep move on board (6)
2 They do not shout the odds (3-5,3)
3 Awkward-sounding Russian dramatist (5)
4 Reading new article (7)
6 Freewheel and dash for the shore (9)
7 Girl's unusual hoard (5)
8 Ban makes girl jaundiced-looking (8)
11 Desire – father of an idea? (4)
15 The American's return? (5-4)
17 Frenchman in endowment of the art museum (9)
18 Kind of stones in way ever forest? (8)
20 Eagle in a higher nest (4)
21 Fishy fancy (7)
22 Charm of a soft chime? (6)
24 Needless run? (5)
25 Burden of aggregate at church (5)

Solution to Puzzle No.7,568



Solution and winners of Puzzle No.7,557



A.L. Charles, Alderney, CI; D.A. Jobling, Wellesbourne, Warwickshire; M. Keogh, Nassington, Peterborough; Mrs D. Malcolm, Edinburgh; M. Murphy, Norton, Cleveland.

Ashley Ashwood

Private View

Industrial revolutions of a country gent

Christian Tyler meets Alex Moulton who reinvented the bicycle

ALEX Moulton is an English country gentleman who reinvented the bicycle. Early each morning he goes into a high-ceilinged room on the second floor of his Jacobean mansion and sits down before a large pad of squared paper.

The light from coloured panes in the mullioned windows falls on rows of files crammed with technical drawings. In front of the workbench stands a blackboard scribbled over with formulae. There is no computer. Were it not for the loud tweed jacket and crumpled flannel trousers you might be watching a 17th century astronomer plot the orbits of the heavenly spheres.

Moulton is no eccentric amateur or rich dilettante. He is a professional engineer whose designs for suspension systems have been incorporated in generations of British motor cars, from the Mini to the Rover Metro. If his way of life is unusual it is owing to circumstance not just temperament.

He is tall and vigorous, still bicycling and canoeing at 71, with a fine beak of a nose and a restless, abrupt manner. His train of thought, always changing track, is propelled by whirring mental flywheels – the ideas flung out at unexpected angles.

He lives alone in the big house (yet manages to make it look fully occupied) because he never married. In the days of his youth, he explained, his deep preoccupation with engineering seemed incompatible with the traditional duties of caring for a wife and children. "Of course, people don't think like that any more," he added rather wistfully.

I wanted to know how his mind worked. Is it picking things apart that you like?

"I like, I think, to understand, to deeply comprehend a thing in every aspect of it," he said. "Not only from the natural laws, the engineering laws but all aspects of production and marketing. I'm certainly fascinated with the work of mankind rather than mankind itself."

You find things more agreeable than people?

"I think I do really. I'm certainly not at all interested in a gregarious way. I think I'm just trying to elucidate the truth in the creative sense: not analysis for the sake of analysis but in order to make the thing better."

He hastened to correct the impression that he was anti-social. "Look, I've got a very good social life which I take a lot of trouble with. Sunday luncheon parties in summer. In winter a very nice little shoot on the estate which is a hinge of social life, too. I'm not in any way a recluse. I'm perfectly sociable."

Alex Moulton grew up with the Industrial Revolution all around him. A stone's throw from his front windows beside the River Avon but shielded now by a high wooden screen stands the family factory, founded in 1848 by his great-grandfather Stephen. This entrepreneur from a family of law stationers in London acquired the licence to make vulcanised rubber from the American Charles Goodyear. Being unable to interest anyone else in it, he went into business himself.

His great-grandson spent fascinated hours watching the estate carpenter and blacksmith. While still at school at Marlborough (business was bad and it was cheaper than Eton) he built a steam car. After Cambridge University and an apprenticeship with the Bristol Aeroplane Company he worked for the family firm trying out his idea of using rubber for vehicle springs. The Suez crisis set him looking at the potential for efficient steam cars, ships and small power plants – and for improving the humble bicycle.

In 1956 Moulton sold the factory to Avon Rubber and set up his own works in the stable yard. This week the latest bicycle was wheeled out, a stainless steel GT model weighing about as much as a bag of shopping, which will be sold for £2,500 to a small but loyal following. Moulton likes to say he has at least as many of his bicycles in service as Boeing has aircraft.

I asked him why he bothered to re-invent the bike in the first place.

He said he had bought a "fantastic" lightweight machine in 1956 to eke out his petrol ration. He wondered whether he could make a still more efficient machine. "Remember, I am driven by a deep, deep interest in engineering devices. My natural instinct is to examine and analyse with a view to seeing how a thing can be developed."

You weren't trying to make a million?

"No. It's a good point. One would like to have made money and I really made enough to satisfy my immediate needs and the prime concern of maintaining this house. That is very much a driving force in one's life."

He offered the prototype to Raleigh, then the world's biggest bicycle maker, for manufacture under licence. Because it wasn't their idea, Moulton said, Raleigh could not believe in it. He remembers seeing one of the directors dragging the machine sideways down a corridor with a look of hatred on his face. "There's nothing nastier, more disturbing than a new thing in an established field that might threaten the establishment."

A motor coach he designed in 1970 had a similar reception. Lord Stokes, chairman of British Leyland, came to the house to see it. "He was supercilious: 'Oh, no, we couldn't possibly do that'. He was envious of what he called 'these country-house engineers' presuming to do anything sophisticated in his field."

So, like his great-grandfather, Moulton went into business himself. His bicycle created a sensation and huge sales – for a while. But it was slowly murdered, he claims, by slow, thick-tyred, overweight imitations, including one from Raleigh, which lacked the patented suspension essential to Moulton's small-wheel racer. "The damage of course was almost total."

Are you unhappy that you missed the chance to make an awful lot of money?

"Yes. Very. Yes, of course. But the time for a second coming has arrived." In other words, Moulton believes that the reputation of small wheels can be restored and is working on a cheaper, high-volume model.

Moulton agrees that his profession has sunk in popular – and government – esteem.

"Well, it's cultural obviously. If you compare the attitudes of the 1850s when we started here, the days of Brunel and the bachelor sixth Duke of Devonshire.

"But don't let us forget the very strong performance of British engineers and industry in the Second World War. We had no reason to feel ashamed of our Spitfires. Even in the Sixties, we had the Mini" (Moulton worked closely with Alec Issigonis), "the Jaguars, the Rolls-Royces, the Concorde. We didn't feel inferior at all. We didn't say 'Oh my God' when we saw a Mercedes".

Why has it happened?

"Look, engineering is a very difficult discipline. It's very, very difficult. You can't get away with charming yourself. I think it's the lack of discipline in our education. We're passing through a highly undisciplined period and people won't put up with the rigour of it."

I pointed to the recent House of Lords select committee report on innovation which asks why we do not have industrial heroes.

"Who are the heroes of today? They are pop singers and footballers, sporting people. How do you turn it round?" Moulton made a rare pause. "To some extent I don't think you can." He thinks the huge salaries of the financial sector have been a distraction. "Kids must say to themselves why bother, engineering's a difficult thing, you get dirty hands, all the mathematics you've got to learn.

"You don't get money by manufacturing. You get money by fiddling about in the financial sector. When I speak at speech days I say if the ultimate pinnacle of a career is to end up in Ford Open Prison, then beware of going into financial services."

Aren't they interested when you are introduced as the man who reinvented the bicycle?

"They're not the least bit interested. I had experience of that the other day when I talked to sixth formers at school nearby on design and development. I took my drawing of the day and parts of the bicycle. And they weren't the tiniest little bit interested.

"At the end one rather sophisticated boy came up and said 'you know, what you're saying could be interesting 35 years ago, but now we're all interested in cars.'" Moulton laughed uproariously. "God. That was an enormous misfire!

"I don't think kids are brought up with the how-does-it-work, back to the laws of nature point of view. Maybe they *can't* be interested because they haven't the fundamental disciplines."

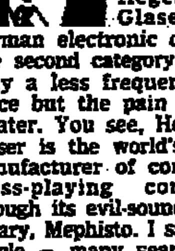
He blames television, too. "It is basically not concerned with the truth. We know the amount of time spent on watching the blasted television. What is being shown is sometimes factual, but by and large it's fantasy, or advertising which distorts the truth."

When, finally, I suggested to Alex Moulton that he might be a bit of an anachronism, he was amused rather than offended. He recounted how, at the Design Council's touring exhibition of British inventions, Prince Philip warned him that he might end up in a glass case himself.

Maybe. But given the sorry state of British manufacturing I suspect we should like to invent a lot more people in the mould of Dr Alex Moulton.

No mate for the micro

By Dominic Lawson



THERE are two sorts of letter I dread receiving. One is a bill. The other is a press release from Hegener & Glaser, the German electronic company. The second category is naturally a less frequent occurrence but the pain is much greater. You see, Hegener & Glaser is the world's leading manufacturer of commercial chess-playing computers, through its evil-sounding subsidiary, Mephisto. I said in an article – many years ago – that the Mephisto machines would never beat human chess grandmasters in tournament play. About a year ago, the latest model, the Mephisto Lyon 68030, started first to draw with, then to beat live grandmasters; each time such an event took place I would receive a personal press release from Hegener & Glaser, along the lines of: "Dear Mr Lawson, you may not have noticed that in a recent tournament in the Hague, in the Netherlands [they really think I'm stupid now] the Mephisto Lyon 68030 beat the leading Chilean grandmaster, Roberto Cifuentes, and the Dutch, ex-Soviet grandmaster, Gennadi Sosonko. We attach the moves of the games for your interest" – or in English: "Just in case you still don't believe us."

I'm not sure why this demonstration of machine-beating humans should upset me so much; for decades we have used computers to perform tasks at which we are relatively bad. I suppose one reason is that I am completely computer-illiterate. As a reasonably strong chess player, I regarded my inevitable victories over friends' chess-playing computers as a sort of revenge against a new culture which I rather fear and do not understand.

Another reason for my misery is that I have always thought of chess as more of an art than a science. It is absolutely not mathematical – only non-chess players think that it is. It is an exercise in inner-visualisation with the mind's eye mixed with cunning, psychology and imagination. If all these things can be so perfectly synthesised by the micro-processor, then ghastly vistas open up: a machine which could compose music more beautiful than Verdi's Requiem, a novel more compelling than *Anna Karenina*.

Roald Dahl once wrote a short story about a computer which could produce short stories far more marketable than those of the most successful humans. Its programmers could press buttons marked "sex," "money," "murder" and "romance" to generate a range of pulp best-sellers that no live author could emulate. The sad point of the story was that the author of it would soon be on the breadline.

In the case of literature, this is probably only a nightmare, not because I do not think it is technically feasible but because the public would always demand to identify with an author's real experiences. But I'm not so sure that this is true of chess. People just want to see the game played as well as possible: so I fear that my many friends on the grandmaster chess circuit may soon share the fate of Roald Dahl's narrator – professional extinction.

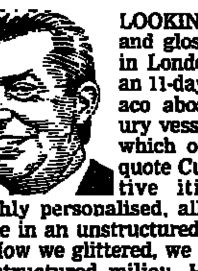
Some grandmasters, such as Britain's top player, Nigel Short, have refused to play against these machines. Nigel argues that this would simply give the computer's programmers more information to feed into their machines. If he were to lose, the machines would gain more publicity and, therefore, more money to make them stronger. This is, I suppose, a sophisticated chess player's interpretation of the Luddite philosophy.

In the Egyptian chess championship many years ago, a losing player created an unusual record. He was disqualified after smashing the board over his opponents' heads in seven successive games. Would we see such things in the machine-dominated championships of the future? That, I suppose, would depend on the state of robotics.

■ *Dominic Lawson is editor of the Spectator*

Life on the ocean wave

Michael Thompson-Noel



LOOKING lithe and svelte and glossy, I arrived back in London last week after an 11-day cruise from Monaco aboard Cunard's luxury vessel, *Sea Goddess II*, which offers – I can but quote Cunard – "imaginative itineraries and a highly personalised, all-inclusive experience in an unstructured milieu."

How we glittered, we passengers, in our unstructured milieu. How elegantly we dined, how swooningly we danced, how blithely conversed, how handsomely promenaded fore and aft, fore and aft, as *Sea Goddess II*, wraith-prowed and shimmering, cut like a jewel through the burnished pewter sea.

I was accompanied, as usual, by my assistant, Miss Lee, a hard-case Thatcherite whose tartness, resilience and all-round gumption have proved indispensable these 12 long years.

On the last day, in Guernsey, Miss Lee sent me ashore to post eight postcards to her cronies in London. I am not the sort of person who reads other people's mail, but as the tender bore me shorewards I could not help peeking at Miss Lee's messages:

May 25, Dearest ----. This is Monte Carlo. Such a clean little place. Just before we left, Donald Trump came on board with Marla and was shown round the ship (the *Trump Princess* was berthed alongside). Marla looked stunning, in fact she overflowed. When I told Michael that Trump was on board he affected snooty nonchalance. Said Donald and Marla were "yesterday's news." Aren't journalists pompous? Yes? No? XXXXXX.

May 27, Dear ----. A beautiful day at sea, heading for Ibiza. Most of the passengers are super-rich Americans who change their outfits just to have bouillon. One woman came on board with 16 pairs of shoes. Diamond this and diamond that. Another woman asked me if I wanted to visit the engine room to chat up the stoker. Don't be silly I told her. A ship like this must be all-electric. XXX.

May 31, My dearest ----. This is drear Oporto. Positively slummy. There was a catastrophe last night when Michael discovered his dee-jay didn't fit. He struggled and wrestled, then his cummerbund snapped. Talk about charmless. I had to dine alone (waiters v. nice). After dinner I had a word with the gym staff and signed Michael on for Orientation and Nutrition Tips, Body Toning, Stretch & Relax, Low Impact Aerobics, Abdominals, Backs and Bellies, Sit & Be Fit, Dynaband Toning and Dumbells. My, but the temperature plummeted. Said he'd had that dee-jay for 23 years and it had never not fitted. XXX.

June 1, Dear ----. A full day at sea on the beautiful *Sea Goddess*. Wonderful suite, wonderful food, lazing on the sun-deck, everyone so helpful, esp. Erik who brings round the bouillon and slices of pizza just in case we're peckish. Comes from Copenhagen, started in an orphanage, then ran away to sea. Such a moving story. Blond hair naturally, 22 next birthday. Last night at dinner Michael announced that the net worth of the 102 passengers on board was, by his estimation, on the "fat side" of $1.6bn. Michael, I said, that is the most unprepossessing remark anyone has produced today. Now he's sulking, watching videos in the suite, *The Wild Bunch*, *The Fly*. God how pathetic. Yes? No? XXXXX.

HAWKS & HANDSAWS

June 2, Dearest ----. This is Pauillac where we went ashore for dinner in a château. I wished I'd stayed on board chatting to Erik who brings round the bouillon. Such a poppet. Michael, for his part, has fallen under the sway of the richest woman on board – Barbara, if you please, from Dallas, can you imagine? – said to be 52, who collects Chinese porcelain and is always stunningly dressed. Slim and oh so gracious. Michael ingratiated himself in the tea-lounge when Barbara said she never had two of anything, always 22. How many cars have you got, asked Mr Charm School, quick as lightning. Two, she replied. At which they roared their heads off. Do *you* think that's funny? Michael, I said, if Barbara understands your sense of humour then her problems are immense. XXXXXXXXXX.

June 2, Dear ----. Our voyage-of-a-lifetime is proceeding serenely. This cruise, to London, cost $7,600 per head or $15,200 per couple. You can cruise back-to-back, of course, for which you get a discount. After London the ship goes to Copenhagen so the back-to-back fare, Monte-London/London-Copenhagen, would be $22,200 per couple for 21 days. Not that Michael's paying. Travel writers don't, everything's provided. He's even winning at blackjack. Unfortunately, his labours in the gym are a nightmare for all. It was dumbells today. He was stunned as a mullet. I had to ask the gym staff if he still had a pulse. XXXX.

June 2, My dearest ----. Dinner was a hoot last night. We were dining with another travel writer, a woman from one of the Sundays who can't stop grilling people. Also four Americans, two from Tennessee, "fly-over" people, the sort you fly over between LA and New York. The kindliest souls imaginable. They've been trying to adopt a Rumanian baby but are finding it impossible. So this travel writer said: "What about a black baby? Have you considered one of those?" Michael was distraught. He's a sensitive soul, really, which should stand him in good stead when I broach my *own* news. More about that later! I'll write from Copenhagen! XXXXXXXXXXXX.

June 3, Dearest ----. Would you be terribly sweet and pop round to Cunard with a cheque for $3,500. Tell them it's my add-on fare, London to Copenhagen, they'll understand. I've been Michael's assistant for 12 long years but all of us relish a change and my change is Erik who comes from Copenhagen and brings round the bouillon and generally runs the sun-deck and has blue eyes naturally and is taller than Michael whose cummerbund finally snapped so I'm going to live with Erik but *please* don't tell my mother, would you do that for me sweetie?? Yes?? No?? XXXX.